



Government of the Islamic Republic of Iran
The Supreme Council of Iran's Free Trade,
Industrial and Special Economic Zones



Collection of Laws and Regulations
Related to
Free Trade, Industrial and Special Economic Zones

Compiled by:

Legal Department of the Presidential Office

Translated by:

Yaghoob Javadi (PhD)

Collection of Laws and Regulations
Related to
Free Trade, Industrial and Special
Economic Zones

Iranian Presidential Office
*Secretariat of the Supreme Council of Iran's Free Trade, Industrial and
Special Economic Zones*

Collection of Laws and Regulations
Related to
Free Trade, Industrial and Special
Economic Zones

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Compiled by:
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Legal Department of the Presidential Office
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Translated by:
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This volume covers laws and regulations related to free trade, industrial and special economic zones of Iran including:

- * Directives and laws
- * International conventions and agreements
- * Bylaws, approvals, articles of associations, regulations, and instructions
- * Resolutions adopted by the Supreme Council of Free Trade-Industrial Zones
- * Resolutions adopted by the Secretary of the Supreme Council of Free Trade-Industrial Zones
- * Resolutions adopted by the Economic Council
- * Resolutions adopted by the Supreme Council of Insurance
- * Resolutions adopted by the Board of Trustees of Foreign Currency Reserve Account
- * Views of the Speaker of the Islamic Consultative Assembly (Iranian Parliament)
- * Views of the Legal Department of the Presidential Office
- * Views of the Legal Department of the Judiciary
- * Explanatory and expurgatory footnotes

Foreword

In line with the widespread developments in the life of human beings, the globalization process has occurred over recent decades and its growth is still continuing. Notwithstanding differences in some areas, various societies are moving in tandem with this trend. This process is swiftly developing in social, political, cultural, technological and economic areas in a complex manner and it has presented new manifestations to all in various dimensions, particularly in the political arena. Integration and mutual interdependence of countries are among factors affecting the economic globalization. Two main factors in the field of globalization directly interconnected are global target markets and the issue of nation-states which have been transcended as a result of global market competition.

Consequently, free trade-industrial and special economic zones can play a great role in realization of the process of Iranian economic globalization instead of escaping this global phenomenon; creation of suitable platform for attaining the real status of Iranian economy in the global economy; transformation of threats to opportunities and gaining larger share in the international economy based on the belief of participating in the global production.

In line with the general policies of Iranian administrative system notified by the Supreme Leader focusing on observing justice, transparency and up-to-datedness in drafting and expurgating administrative laws and regulations, increasing public awareness in terms of mutual rights and obligations of people

and the administrative system emphasizing on the easy access of people and their satisfaction, law obedience, disseminating the accountability culture, assuming responsibility, respecting citizens and avoiding individual and subjective orientation in affairs ;and whereas drafting and expurgating laws and regulations of free trade-industrial and special economic zones of the Islamic republic of Iran contributes a lot to the legal growth of understanding of actors in this domain as well as experts, managers and authorities of administrative bodies of Iran and paves the ground for the effective role to be played by free trade-industrial and special economic zones in realization of objectives set in the 20-year perspective plan of the Islamic republic of Iran; and given the relative dispersion of laws and regulations pertaining the free trade-industrial and special economic zones and in order to facilitate access of executive practitioners, people and economic players in various fields, the present collection has been compiled containing laws, international conventions and agreements, Bylaws, approvals, articles of associations, regulations, resolutions adopted by ministers of the Supreme Council of Free Trade-Industrial Zones; by the Secretary of the Supreme Council of Free Trade-Industrial Zones; by the Supreme Administrative Council; by the Economic Council; by the Supreme Council of Insurance and by the Board of Trustees of Foreign Currency Reserve Account as well as views of the Speaker of the Islamic Consultative Assemble (Iranian Parliament), views of the Legal Department of the Presidential Office, Views of the Legal Department of the Judiciary and decisions made by the General Board of the Supreme Council of Tax.

The first printing of this collection was presented in 2001. Then, the second printing (the first edition) was published. The third printing (the second edition)

was drafted by a group of experts and authorities of free trade-industrial and special economic zones in 2012. The present collection is the fourth printing (the third edition) which has been compiled considering the latest amendments and annexes up to May 2016. The distinctive feature of this collection is separation of laws and regulations related to free trade-industrial and special economic zones. To fulfill the mission of complete enlightening, we have incorporated explanatory and expurgatory views on laws and regulations in this collection if they are deemed as necessary. These explanations have been marked in a way to refer to the Department of Compiling, Expurgating and Publishing Laws and Regulations at the Legal Department of the Presidential Office.

It is greatly hoped that cross-organizational coordination for compiling and expurgating laws and regulations and removing potential conflicts in their interpretation and understanding would be helpful and it would assist the effective implementation of the Article 11 of General Policies of the Resilient Economy directed by the Supreme Leader.

Recommendations, suggestions, inputs and critical views of experts are highly appreciated since they would contribute to improve and upgrade the present collection and eradicate potential deficiencies in the future editions of the collection.

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Dr. Akbar Torkan

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Dr. Elham Aminzadeh

Table of Contents

Foreword	2
List of Organizations in Charge of Special Economic Zones	16
Laws and Regulations of Free Trade-Industrial Zones	19
From General Policies of Resilient Economy	19
From Executive Bylaw of Article 122 in Law of the Fourth Economic, Social and Cultural Development Plan	19
Police Service Institutions (Protection and Surveillance)	19
Specific Regulations	21
Law on the Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran	21
Law of Establishment of Free Trade-Industrial Zones of Abadan and Khoramshahr, Jolfa and Bandar-e Anzali	37
Law on Expansion of Pars Free Zone	37
Law of Establishing One Trade-Industrial Free zone and Thirty Three Special Economic Zones	38
Law of Attachment of Hendurabi and Greater and Lesser Faror to Kish Free Zone	40
Relevant Regulations	42
Law of Union System of Iran	42
From Value-added Tax Code	42
From Law of Administrative Health Promotion and Anti-corruption	43
From Fifth Development Plan of the Islamic Republic of Iran (2011-2016)	43
From Law on Traffic Violations	46
From Customs Law	48
From Law of Authorities and Duties of Ministry of Oil	52
From Law of Exploitation of Maximum Manufacturing and Serving Capacities for Satisfaction of National Requirements and Reinforcing them In Exportation Field and Adjustment of Article 104 of Direct Tax Law	53
From Budget Law of Iran (2016)	54
International Conventions and Agreements	55

From Law of Residential and Maritime Contract	55
Between Iran and France	55
From Law of Iran’s Accession to Single Convention on Narcotic Drugs of 1961	56
From Law of Iran’s Accession to the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	58
From Law on Business Agreement between Islamic Republic of Iran and Czech Republic.....	59
From Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Armenia.....	61
From Law of Commercial Partnership Agreement between the Islamic Republic of Iran and Republic of Bosnia and Herzegovina.....	63
From Law of Agreement on Long-term Cooperation in Economic, Trade, Scientific, Technical and Cultural ties between Islamic Republic of Iran and Turkmenistan.....	64
From ECO Trade Agreement Act	64
From Agreement on Avoidance of Double Taxation on Income.....	65
And Capital between Islamic Republic of Iran and Kuwait	65
From Preferential Trade Agreement between Islamic Republic of Iran and Bosnia and Herzegovina ..	66
From Free Trade Agreement between Islamic Republic of Iran and the Arabic Republic of Syria	66
Regulations, Bylaws, Rules and Instructions.....	67
Executive Bylaw for Charging Tariffs in Free Trade-Industrial Zones	67
of Islamic Republic of Iran	67
Executive Bylaw of Issuing Visas to Foreign Nationals in Free Trade-Industrial Zones of Islamic Republic of Iran	69
Bylaw for Exploitation of Lands and Natural Resources in Free Trade-Industrial Zones of Islamic Republic of Iran	70
From Executive Bylaw of Law on Export-Import Regulations	74
Regulations of Recruitment of Human Resources, Insurance and Social Security in Free Trade- Industrial Zones of Islamic Republic of Iran	75
Regulations for Investment in Free Trade-Industrial Organizations of the Islamic Republic of Iran.....	84
Law of Exportation, Importation and Customs Affairs of Free Trade-Industrial Zones of Islamic Republic of Iran	88
Law on Admission and Residence of Foreign Nationals in Free Trade-Industrial Zones of the Islamic Republic of Iran	96

Executive Instructions and Method of Toll Charges Bylaw in Free Trade-Industrial Zones	99
Bylaw of Traffic in Free Trade-Industrial Zones of Islamic Republic of Iran.....	108
Bylaw on Administration of Public Places of Free Trade-Industrial Zones of the Islamic Republic of Iran	135
Security and Policing Regulations of Free Trade-Industrial Zones of the Islamic Republic of Iran	139
Bylaw on Border Patrolling of Free Trade-Industrial Zones of Islamic Republic of Iran	144
Regulations on Transfer of Insurance and Pension Fees in Free Trade-Industrial Zones of the Islamic Republic of Iran	147
Regulations on Registration of Companies, and Industrial and Intellectual Property Rights in Free Trade-Industrial Zones of the Islamic Republic of Iran.....	148
From Executive Bylaw of Optimization of Farming Water Consumption	154
Executive Bylaw on Banking and Monetary Operations in Free Trade-Industrial Zones of the Islamic Republic of Iran	155
Regulations of Establishment and Activity of Insurance Institutes in Free Trade-Industrial Zones of Islamic Republic of Iran.....	162
Executive Guideline for Monetary and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran	171
From Executive Bylaw of Comprehensive Law on the National Control and Campaign against Tobacco	197
From Guideline of Establishment and Administration of Mobile Courts	198
Regulations concerning Registration and Awarding Nationality License of the Islamic Republic of Iran to Ships in Free Trade-Industrial Zones.....	200
From Executive Bylaw of Provincial Council of Planning and Development	208
Executive Bylaw for Article 88 of Law of Trade System.....	209
Financial and Trading Bylaw of Free Trade-Industrial Zones Organizations	219
From Executive Bylaw of Customs Affairs Law	248
From Executive Bylaw of Mines Law	250
Bylaw on Establishment of Free Trade-industrial Zones.....	250
Approval Letters	252
Admission in Iran or Exiting via Airport and Ports of Kish Island.....	253
Admission in Iran or Exiting via Chabahar Port.....	253
Recognition of Bahman Airport and Port in Qeshm Free Zone as Aerial and Maritime Border.....	253

Inclusion of a Part of Northeastern Coast of Qeshm Islam in 300km Expanse of Qeshm Free Zone ..	253
Inclusion of Northeastern Area of Qeshm in Free Zone	254
Extension of Reception of 2 Percent Cost of Residence per Night for 1 Traveler as Detailed in Article 55 of Law on Collection of Some Governmental Earning Sources and its Use in Definite Items Contributing to Hotels Located in Free Trade-industrial Zones	255
Admission of Raw Materials and Non-assembled Parts from Free Zones into Mainland by Manufacturing Units of Iran	255
Permission of Complete Transfer of Products of Manufacturing Units Located in Free Trade-industrial Zones and Special Economic Zone into Mainland	255
Admission of Exportation of a Percentage of Goods Made in Free Trade-Industrial Zone and Special Protected Zones.....	256
Determining Territorial Waters in Qeshm Free Zones for Fueling Ships.....	257
Exemption of Domestically-produced Goods Transferred into Free Trade-industrial Zones from Foreign Currency Contracts	258
From E-business Policy of Islamic Republic of Iran	258
Determining Method of Financing and Corrective Solutions for Improving Performance of Free Trade-industrial Zones of Islamic Republic of Iran	259
From Approval Letter concerning Decisions on Importation of Goods from Free Trade-Industrial Zones to Mainland	265
Determining Limits of Special Economic Zone of Khozestan, Minoo Island and Shalamcheh as Limits of Arvand Free Trade-industrial Zone	266
Determining Limits of Anzali Free Trade-Industrial Zone.....	267
Making Decisions for Assignment of Lands required by State Universities in Free Zones	267
From Approval Letter for Determining Reference Tex of Annex to ECO Trade Agreement	268
Inclusion of Cultural Heritage, Handicrafts and Tourism Organization and Center of Affairs of Free Zones and Special Economic Zones to Committee for Coordination of Foreign Economic Relations	268
Recognition of Deputies of Center for Affairs of Free Trade-industrial Zones as of Similar Positions as Officials Addressed in Paragraph H in Article 71 of Law on Civil Service Management	269
From Approval Letter on Obligation of All Relevant National and Provincial Executive Bodies to Make Decisions on Realization of Supreme Leader’s Decree and Government’s Decision to Minimize Smuggling of Goods and Currency.....	269
Approval Letter for Enforcement of Free Zones Projects in Anzali Free Trade-industrial Zone	270
Awarding Traffic License to Vehicles with Plates of Aras Free Zone in a Radius of 135m from Border of the Zone	270

Making Decisions for Reinforcing Foreign Trade Performance of Iran	271
Approval Letter Concerning Different Traffic and Transportation Fines in all Parts of Iran and Free Trade-industrial Zone.....	272
Table of Different Fines of Traffic and Transportation Violations in All Parts of Iran and Free Trade-industrial Zones.....	273
Importation of Goods by Iranian Workers Employed Abroad and Travelers Admitted into Iran via Maku, Bandar Anzali, Aras, and Arvand Free Trade-industrial Zones	273
Formation of Supreme Council of Free Trade-industrial Zones and Special Economic Zones.....	274
From Approval Letter concerning Making Decisions on Exclusion of Barriers against Manufacturing, Investment, Employment and Development of Economic Motives and Improvement of Business.....	275
License for Traffic of Vehicles with Plates of Maku Free Trade-industrial Zone in 30km Radius.....	275
Establishment of Central Committee of Travelling Services and Development of Domestic Tourism	275
Determination of Limits of Aras Free Trade-industrial Zone	278
From Approval Letter on Making Decisions regarding Importation of Vehicles and Limits of Traffic of Vehicles with Plates of Free Zones.....	279
Approval Letter for 2015 Budget of Authorities of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali, and Maku Free Trade-industrial Zones.....	279
Approval Letter for 2015 Budget of Authorities of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali, and Maku Free Trade-industrial Zones.....	279
Approval Letter on Adjustment of Guideline and Executive Methods of Bylaw for Charging Fees in Free Trade-industrial Zones	284
Procedural Letter for Calculation and Reception of Urban Services Fees in Free Trade-industrial Zones	285
Articles of Association of Qeshm Free Trade-industrial Zone	285
Articles of Association of Kish Free Trade-industrial Zone.....	291
Articles of Association of Chabahar Free Trade-industrial Zone	296
Articles of Association of Industrial Fishing Company of Chabahar Free Trade-Industrial Zone.....	302
Articles of Association of Arasbaran Free Trade-industrial Zone	308
Articles of Association of Abadan-Khoramshahr Free Trade-industrial Zone	314
Articles of Association of Anzali Free Trade-industrial Zone.....	320
Articles of Association of Maku Free Trade-industrial Zone	326
Articles of Association of Qeshm Investment and Development Company.....	333

Regulations Approved by the Supreme Coordination Council of Free Trade-industrial Zones and Secretary of the Council.....	340
Duties and Objectives of Secretariat of Supreme Council of Free Trade-industrial Zones of Islamic Republic of Iran	340
Procedure for Resolving Conflicts between Governmental Bodies and Authorities of Free Zones	342
Method of Developing and Enforcing Cultural Articles of association of Free Zones Authorities.....	343
Addressing Importation of Reconstructed Second-hand Items from Free Trade-industrial Zones into Mainland	346
Guidelines for Generating Development Plans of Free Zones Authorities based on Strategic and Developmental Policies of Zones	347
Executive Guideline for Assistance of Adjacent Regions by Authorities of Free Trade-industrial Zones (Row 402000)	354
Guidelines for Assignment of Revolving Fund based on Article 9 of Financial and Transactional Bylaw of Free Trade-industrial Zones Authorities.....	359
Executive Guideline for Bylaw of Exploitation of Land and Natural Resources in Free Trade-industrial Zone as Addressed in Note. 4 of Article 52 of Financial and Transactional Bylaw of Free Zones Authorities.....	361
Approval Letters of Supreme Insurance Council.....	373
From Bylaw No. 40 of Laws of Establishment of Non-governmental Insurance Institutes	373
Bylaw No. 45 on Guideline for Legal Reserves and Deposits of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran	374
Bylaw No. 46 of Guideline of Technical Reserves of Insurance Institutes Located in Free Trade-industrial Zones of Islamic Republic of Iran	375
Bylaw No. 47 of Guideline of Investments of Registered Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran.....	379
Bylaw No. 49 of Sample of Financial Statements for Insurance Institutes of Free Trade-industrial Zones of Islamic Republic of Iran.....	383
Regulations Concerning Issuance of Insurance Representation License to Real Persons in Free Zones	384
From Bylaw No. 76 on Assignment of Compulsory Reinsurance, Fees and Partnership in Profits	386
Approved Regulations	387
From Bylaw on Duties of Governors, their Assignment and Discharge.....	387
Importation of Vehicles Manufactured in Free and Special Economic Zones to Mainland	387

From Amended Bylaw of Terms and Regulations of Lending from Foreign Currency Reserve Account	389
From Long-term Strategic Bylaw for Development of Industry, Mine and Trade Sectors in Terms of Land Use	389
Guidelines for Iranian and Foreign Goods for Transit.....	390
From Executive Plan of Resilient Economy: Principles, Evidence, Objectives and Policies and Operation of Department of Strategic Planning and Surveillance	397
From Regulations concerning Making Decisions regarding Method and Terms of Using National Development Fund.....	398
Laws and Regulations of Special Economic Zones	399
From General Policies of Resilient Economy	399
Exclusive Regulations.....	400
Law of Establishment and Administration of Special Economic Zones of Islamic Republic of Iran ..	400
Law on Establishment of One Free Trade-industrial Zone and Twenty Three Special Economic Zones	409
Law on Establishment of New Special Zones	410
Law on Establishment of Special Economic Zones of Sahand Maraghe, Astara and Sahalan.....	410
Relevant Regulations	411
From Law on Value Added Tax	411
From Law on Administrative Health Promotion and Anti-Corruption.....	411
From Law on Support of Companies, Knowledge-based Institutions and Commercialization of Innovations.....	412
From Law for Fifth Development Plan of Islamic Republic of Iran (2010-2015).....	412
From Law of Customs Affairs	414
From Law on Authorities and Tasks of Ministry of Oil	416
From Law of 2015 Budget of Iran	417
International Agreements.....	417
From Law of Agreement on Long-term Economic, Trade, Scientific, Technical, and Cultural Cooperation between Islamic Republic of Iran and Turkmenistan.....	418
Executive Bylaw for Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran	418
Bylaw of Establishment of Special Economic Zones	422

From Executive Bylaw of Note 5 in Amendment to Paragraph A in Article 3 of Law on Enforcement of General Policies of Article 44 of the Constitution	425
Approval Letters	427
From Approval Letter on Permission to Acquire War Risk Insurance by Iran Insurance Company....	427
Determining Area of Sarakhs Special Economic Zone.....	428
Determining Area of Sirjan Special Economic Zone.....	430
Determining Area of Salafchegan Special Economic Zone.....	430
Determining Area of Arg-E Jadid Special Economic Zone.....	431
Imam Khomeini Port Special Economic Zone	432
Establishing the Persian Gulf Mining and Metal Industries Special Economic Zone	432
Establishment of Bushehr Special Economic Zone	433
Establishment of Amirabad Special Economic Zone.....	434
Establishment of Shahid Rajai Port Special Economic Zone	435
Establishment of Lorestan Special Economic Zone.....	436
Establishment of Yazd Special Economic Zone	437
Establishment of Shiraz Special Economic Zone	437
Establishment of Persian Gulf Ship Building Special Economic Zone	438
Establishment of Payam Special Economic Zone.....	439
Duties of Customs Organization of Islamic Republic of Iran concerning Control of Goods to Be Used in Pars Special Economic Zone and Imam Khomeini Port Special Economic Zone through Credit of Iranian Banks into Terminals of Zones and Issuance of Matching Order and Goods	441
Making Decisions concerning Importation of Goods to Persian Gulf Ship-building Special Economic Zone through Credit Letters of Iranian Banks	442
Determination of Area of Pars Energy Special Economic Zone.....	442
Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Dogharun, Rafsanjan, Jazmurian, Imam Khomeini Port, Noshehr Port, Shahrekord, Eslamabad-e Gharb, Mehran, Salmas, Atar, Damghan, Semnan and Lamord.....	443
Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Sistan, Nemin, Kazarun, Kaveh, Bojnord, Lavan, Parsian and Baneh	444
Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Jahan Abad, Reya and Sahalan	446

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Birjand, Sabzevar, Zarandieh, and Jahrom	447
Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Kashan	448
Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Bushehr and Garmsar.....	448
Development of Comprehensive Plan of Shahr-e-Rey Special Economic Zone	449
Determination of Service Fees by Authorities of Special Economic Zones for 2014	450
Determination of Authority in Charge, Limits and Areas of Activities of Qasr-e Shirin Special Economic Zone	450
Determination of Authority in Charge, Limits and Areas of Activities of Astara Port Special Economic Zone	451
Addition of an Area to Shahid Rajai Port Special Economic Zone	451
Regulations Adopted by the Supreme Council of Free Trade-industrial Zone and Secretary of Council	453
Addressing Importation of Restored Second-hand Goods from Free Trade-industrial Zones into Mainland	453
Other Approved Regulations	454
Annex.....	455
Record of Assigning Authorities of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1993-08-29) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (approved by Supreme Council of Free Trade-industrial and Special Economic Zones	455
Assigning Duties and Authorities of Board of Ministers in Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran	455
Forming a Council for Coordination among Authorities of Free Trade-industrial Zones of Islamic Republic of Iran	456
Assigning Authorities of Board of Ministers Addressed in Paragraph D in Article 25 of Law of Second Economic, Social and Cultural Development Plan of Islamic Republic of Iran.....	457
Assigning Authorities of Board of Ministers Addressed in Paragraph D in Article 25 of Law of Second Economic Development Plan to Member Ministers of a Council of Free Zones	457
Assigning Authorities of Board of Ministers Addressed in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran and Paragraph D in Article 25 of Law of Second Economic, Social and Cultural Development Plan to Member Ministers of a Council.....	458

Formation of a Council for Coordination of Authorities of Free Trade-industrial Zones of Islamic Republic of Iran 458

Formation of a Council for Coordination of Authorities of Free Trade-industrial Zones of Islamic Republic of Iran 460

Formation of a Council for Coordination of Authorities of Free Trade-industrial Zones and Special Economic Zones of Islamic Republic of Iran 461

Establishing the Supreme Council of Free Trade-industrial and Special Economic Zones..... 462

List of Organizations in Charge of Special Economic Zones

Row	Special Economic Zone	Organization in Charge	Type of Ownership for Organization in Charge
1	Sarakhs	Astan Qods Razavi	Private
2	Sirjan	Kerman Development Organization	Private
3	Salafchegan	Qom Development Organization	Private
4	Arg-e-Jadid	Arg Development Company	Private
5	Petrochemical Complex of Imam Khomeini Port	National Petrochemical Company	Governmental
6	Persian Gulf Mining and Metal Industries Special Economic Zone	Mines and Mining Industries Development and Renovation Organization of Iran	Governmental
7	Bushehr	Bushehr Development Company	Private
8	AmirAbad Port	Ports and Maritime Organization	Governmental
9	Shahid Rajai Port	Ports and Maritime Organization	Governmental
10	Lorestan	Lorestan Industrial Parks Company	Governmental
11	Yazd	Yazd Industrial Parks Company	Governmental
12	Shiraz	Fars Industrial and Export Development Company	Private
13	Persian Shipbuilding	Gulf Iranian Shipbuilding and Offshore Industries Complex Company	Governmental
14	Payam	Payam Aviation Services Company	Governmental
15	Dogharoon	Dogharoon Development Company	Private
16	Rafsanjan	Zarine Mes Industrial Group Co,	Private

17	Jamozian	Equity Shares Investment Company of Iran (Jamozian Development Company)	Private
18	Imam Khomeini Port	Ports and Maritime Organization	Governmental
19	Noshahr Port	Ports and Maritime Organization	Governmental
20	Shahrekord	Cooperative Organization and Municipalities of Chaharmahal va Bakhtiari Province	Private
21	Eslamabad-e Gharb	Zagros Special Economic Zone Company	Private
22	Mehran	Cooperative Organization and Municipalities	Private
23	Salmas	Industrial Parks Company of Western Azerbaijan	Private
24	Atrak	Industrial Parks Company of Golestan Province	Governmental
25	Damghan	Industrial Towns Company of Semnan Province	Governmental
26	Semnan	Industrial Parks Company of Semnan Province	Governmental
27	Lamord	Mines and Mining Industries Development and Renovation Organization of Iran	Governmental
28	Sistan (Ramshar)	Civil Development Company of Ramshar City	Governmental
29	Namin	Iran Public Warehouses and Customs Services Company	Governmental
30	Kazeroon	Industrial Parks Company of Fars Province	Governmental
31	Kaveh	Kaveh Industrial Parks Company	Private
32	Bojnourd	Industrial Parks Company of North Khorasan Province	Governmental
33	Lavan	National Iranian Oil Company	Governmental

34	Parsian	Mines and Mining Industries Development and Renovation Organization of Iran	Governmental
35	Baneh	Industrial Parks Company of Kurdistan Province	Governmental
36	Jahan Abad	Industrial Parks Company of Hamedan Province	Governmental
37	Rey	Rey Investment Company	Private
38	Sahalan	Iran Public Warehouses and Customs Services Company	Governmental
39	Birjand	Special Economic Zone Investment and Development Company of Southern Khorasan (Birjand)	Private
40	Sabzevar	Dyarsrbadaran Development Institute	Private
41	Zarandieh (Iranian)	Iranian Land Travelling Development Company	Private
42	Jahrom	Industrial Development and Renovation Organization of Iran	Governmental
43	Kashan	Mines and Mining Industries Development and Renovation Organization of Iran	Governmental
44	North of Bushehr Province	Industrial Parks Company of Bushehr Province	Governmental
45	Garmsar	Industrial Development and Renovation Organization of Iran	Governmental
46	Ghasreshirin	Cooperative Organization and Municipalities of Kermanshah Province	Private
47	Astara	Ports and Maritime Organization	Governmental
48	Bushehr Port	Ports and Maritime Organization	Governmental
49	Parse Energy	Petroleum Engineering and Development Company (PEDEC)	Governmental

Laws and Regulations of Free Trade-Industrial Zones

General Policies of Iranian Government and Approved Items by the Supreme Leader



From General Policies of Resilient Economy

Approved on 2014-03-20 by the Supreme Leader

In order to generate dynamic growth, improvement of resilient economy indicator and realization of objectives of Twenty-year Vision Plan, general policies of resilient economy are issued based on a Jihadi, flexible, opportunity making, endogenous, progressive and outward-looking approach:

11-Developing executive authorities of free and special economic zones of the country to facilitate transfer of advanced technologies, development and facilitation of manufacturing and export of products and services, satisfying essential requirements and supplying financial resources from abroad.

From Executive Bylaw of Article 122 in Law of the Fourth Economic, Social and Cultural Development Plan

Police Service Institutions (Protection and Surveillance)

Passed in 2009-11-08 by the Supreme Leader

Chapter. 1-General Principle

Article 1-Introduction

In order to execute article 22 of the Fourth Development Plan, it should be noted that “after approval of Top Command of the Armed Forces, Ministry of Interior will be allowed to issue

licenses through police departments. The applicants of establishing private entities for offering protection and surveillance services could process after receiving such licenses. In addition, assignment of a part of law enforcement and protection services to such private entities and institutions will be accompanied by precise control based on executive bylaw of Iran's Interior Ministry and approval of top commander of armed forces as well as the National Security Council.

The regulations for establishing above-mentioned entities and their interaction with NAJA (Iranian Police Department) and relevant organizations, offices, and entities will be based on items of present bylaw.

Article 5-

A-Law enforcement Services

Services whose offering is tantamount to establishing public order in the community such as Password, License, enforcing tips of traffic, military duty and identity recognition.

B-Security and Surveillance Services

Guarding and protecting of facilities, places and locations without security ranks, control of traffic in such locations and securing transfer of assets, securities and other activities with solely physical protection aspect.

C-Police Center

A part of prevention police department of NAJA which issues licenses for activity of entities included in the present bylaw which offer protection and surveillance services, apply precise control and surveillance of their activities (in certain provinces and towns based on relevant ranks).

D-Protection and Surveillance Services Institutes

These are non-governmental entities which could conduct protection and surveillance activities based on current regulations and articles included in present bylaw. This depends on registration of this entities and control of such entities by NAJA.

E-Police Services Offices (E-service Police Offices or +10 Police)

These are entities and associations founded for offering a part of disciplinary services such as receiving and delivering license documents, passport, traffic executive duties, military duties and identity recognition based on regulations.

Chapter. 2-Conditions for Establishment and Ranking of Entities

Article. 10-

Registration Office for Companies and Industrial Property and its relevant offices in provinces and free zones could register entities included in this bylaw if the entities and institutions have previously received relevant licenses from NAJA (Iranian Police Departments or their representatives in provinces and towns) and their statues are confirmed by NAJA representative offices.

Specific Regulations



Law on the Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran¹

Passed on 1993-08-29 with Further Adjustments and Extensions

Section 1: Objective

Article.1: In order to accelerate infrastructure-related, development, economic progress, enhancing investment, increase of public income, creation of productive employment, regulation of goods and labor market, active involvement in regional and global market, manufacturing and exportation of industrial and processing goods and offering desirable public services, the government is hereby authorized to administer the following zones as the Free Trade-Industrial Zones in accordance with the present Law and the other legal principles.

A- Kish Island Free Zone, as delineated on the map attached hereto.²

¹ The article for establishing free zones, before Law on the Administration of Free Trade-Industrial Zones passed in 1993-08-29 was article 19 of First Development Plan passed in 1990-1-30 which reads:

Article. 19-The government is permitted to establish Free Trade-Industrial Zones in boundary regions of Iran.

² A-Before the revolution, Kish Free Zone was called Kish Development Organization and it has its own distinctive statute. However, the organization was dissolved in 1982 and restarted its activities in 1983.

B-Refer to Law of Attachment of Hendurabi and Small and Large Faror to Kish Free Zone passed in 2010-12-19.

B- Qeshm Free Zone³, a continuous area not exceeding three hundred square kilometers situated at northeastern part of the island the limits of which shall be determined by the Board of Ministers.⁴

C- Chabahar Free Zone⁵(according to the map attached hereto)

Note 1-

Free Zones shall benefit from the finance and privileges offered by this Law.

Note 2- (Amended on 1999-07-21)

The coastal water boundary in adjacency to free zones shall be demarked and decreed by the Board of Ministers⁶. In terms of ship bunkering activities, the area will enjoy legal privileges included in this law.

Note. 3-⁷ Establishment of new zones and their boundaries shall be ratified by the Islamic Consultative Assembly (Parliament)⁸.

Article. 2-

Revenues of free zones shall be spent solely based on annual budget approved by the Board of Ministers⁹.¹⁰ Development aid for areas outside the free zones (neighboring areas are prioritized)

³ Previously, Qeshm Island had been included in free trade-industrial zones through an approval in 1996-02-06.

⁴ As stated in approval letter (1991-05-08), the area at the east of Chabahar Port will be announced as free zone.

⁵ Refer to approval regulations in 1996-07-08 and 1997-07-21.

⁶ Refer to approval letter for determining coastal area of Qeshm Free Zone in regard to bunkering of ships (passed in 2000-02-13 by Board of Ministers).

⁷ Based on amended law passed in 1997-07-21, the number of the associated Note was changed (now, it is Note no. 3).

⁸ In regard to new **trade-industrial** free zones, refer to the following regulations:

A-Law for establishing Abadan, Khoramshahr, Jolfa and Bandar-e Anzali free trade-industrial zones (passed in 2003-08-24)

B-Law for establishing **trade-industrial** free zones and 23 special economic zones (passed in 2010-09-25).

⁹ Based on approval letter for establishing Supreme Council of **trade-industrial** free zones and special economic zones (passed in 2013-08-25) issued by Board of Ministers with further adjustments detailed here, the duties and authorities of Board of Ministers are detailed in the Law on Administration of **trade-industrial** Free Zones of Islamic Republic of Iran (passed in 1994 with further adjustment, except for Note 3 of article 1) as well as Law for Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed in 2005; except for Note 2 of article 1) as well as relevant regulations in other laws regarding free trade-industrial zones and special economic zones. These duties and authorities were assigned to member ministers of Supreme Committee of Trade-Industrial Free Zones and Special Economic Zone.

¹⁰ Refer to budge code of 2014 for organizations located in free trade-industrial zones of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku passed in 2014-3-11 with further adjustments.

shall be granted solely upon approval by the Board of Ministers and any other aids shall be considered illegal use of public property.

Section. 2-Definitions

Article. 3-

In this law, the following terms are used instead of the following phrases:

Country: Islamic Republic of Iran.

Zone: Free Trade-Industrial Zone.

Organization: Organization in charge of the administration of each Free Trade-Industrial Zones.

Parliament: Islamic Consultative Assembly.

Section.3- Duties

Article. 4-The Board of Ministers¹¹ is responsible for:

- A- Approval of regulations and coordination of all activities of each zone.
- B- Approval of the articles of association of the organization and its subsidiaries.
- C- Approval of the annual development, cultural programs and budgets, and projected financial statements of organizations of the zones.
- D- Approval of security and law enforcement regulations of the zones after confirmation by the top commander of the armed forces,
- E- Overall supervision of the activities within the zones.

Article. 5-Each Zone shall be administered by an organization of independent legal status. The capital of the organization will belong to the state. Such companies and their subsidiaries shall

¹¹ Based on approval letter for establishing the supreme council of free trade-industrial zones and special economic zones (passed in 2013-08-25) issued by Board of Ministers with further adjustments detailed here, the duties and authorities of Board of Ministers are detailed in the Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1994 with further adjustment, except for Note 3 of article 1) as well as Law for Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed in 2005; except for Note 2 of article 1) as well as relevant regulations in other laws regarding free trade-industrial zones and special economic zones. These duties and authorities were assigned to member ministers of Supreme Committee of Free Trade-Industrial Zones and Special Economic Zone.

be exempt¹² from the laws and regulations governing state-owned companies and from other general regulations; they shall be administered solely on the basis of the present law and relevant statutes. With respect to cases not pointed out in this law and articles of association, these companies shall be subject to Commercial Law.¹³

¹² Considering the fact that after passing above law, in paragraph B of article 1 of Law of Tender Holding (passed in 2004-04-13) approved in Islamic Consultative Assembly certain named organizations (including Free Trade-Industrial Zones Organizations) are included and covered by the law, the latter law will be applied on such organizations. Therefore, in paragraph A of Article 112 of Fifth Development Plan (passed in 2011-01-05) it is stated that "Free zones organizations should be exclusively administered based on Law of Administration of Free Trade-Industrial Zones as well as Law of Labor". Such organizations were exempted from other regulations. Therefore during 2011-2004 these organization had to comply Law of Tender in conducting their trades. Since the date of approval of Fifth Development Plan, because paragraph B in article 1 of Law of Tender had been approved by the Expediency Council and based on suggestions of the Guardian Council which states "After a due time, the regulator could develop and approve different laws", the free zone organizations were deemed as exempt from other regulations. In regard to their trades, they could refer to their own distinctive regulations. Therefore, the present executive and trading bylaw of Free Trade-Industrial Zones was passed in 2012-04-17.

(1*) Interpretative comment no. 5318 issued by the Guardian Council in 1993-10-16:

To: President of the Expediency Council

In response to letter no. 1-2630-7778 R (passed in 1993-09-27), letter no. 1-2236-1646 R (passed in 1993-05-08) and letter no. 4575 (passed in 1993-09-25), the Guardian Council makes the following suggestion

"None of regulative entities could cancel and replace the regulations approved and issued by Expediency Council. However, if the approved items and articles are concerned with disagreements between the Guardian Council and the Islamic Consultative Assembly, the intended articles could be repealed and replaced. In cases in which subject of disagreement is issued by the Supreme Leader to the council, a substitute regulation could be developed in Islamic Consultative Assembly after approval of the Supreme Leader.

B-Decree no. 7-9204 (passed in 2003-04-07): The Law of Payment of Due Fines to Government and Confiscation of State-owned Properties will not apply for those companies which are independent of governmental entities and ministries. Based on article 5 of Law on Administration of Free Trade-Industrial Zones (passed in 1993) and the Law for Determination of Authority of Approval and/or Adjustment of Statute of Companies and Subsidiaries of Ministries in Free Trade-Industrial Zones (passed in 1997), Kish Free Zone Organization is not a party of Law for Payment of Due Fines to Government, Bankruptcy and Confiscation of Public Assets.

¹³ -Based on the Law for Determining Approving Entity and/or Adjustment of Statues of Companies and Subsidiaries of Ministries (passed in 1987-12-13), approval or adjustment of statues of companies and subsidiaries of ministries are dependent on approval of Islamic Consultative Assembly. Therefore, in regard to adjustment of statutes for free zones organizations, distinct approval of assembly is not required. In this regard, the following law should be noted.

Law for Determination of Authority of Approval and/or Adjustment of Statute of Companies and Subsidiaries of Ministries in Free Trade-Industrial Zones (passed in 1997)

Subject of Assessment: Based on article 5 of Law on the Administration of Free Trade-Industrial Zones passed in 1993-08-29, could free trade-industrial zones organization be regarded as instances of subsidiaries of ministries to be subjected to Law for Determination of Authority of Approval and/or Adjustment of Statute of Companies and Subsidiaries of Ministries in Free Trade-Industrial Zones (passed in 1997)?

Suggestion of Islamic Consultative Assembly: Based on article 5 of Law on the Administration of Free Trade-Industrial Zones (passed in 1994), it should be stated that "Each Zone shall be administered by an organization of

Article. 6- A Board of Directors¹⁴, consisting of three or five individuals, shall administer the organization.¹⁵ The Board of Ministers shall appoint members of the board of directors. The Managing Director, as ex officio chairman of the board, shall be appointed from amongst members of the board of directors by presidential decree and shall be the highest executive authority in the economic and infrastructure affairs of the zone. The managing director and members of the board of directors shall be appointed for tenure of three years and their reappointment is permissible.

Dismissal from the office of the managing director and the board members rests with the same appointing authorities. The responsibility for and the power of general meetings of each zone organization are vested with board of ministers.

Article.7- Upon approval of Board of Ministers¹⁶, organization of each zone is empowered to set up, as deemed necessary, companies in accordance with the provisions of the Commercial Law.

Section.4- General Regulations

Article. 8- The organization and its affiliated companies are permitted to conclude necessary contracts with natural or legal persons, whether foreign or domestic. It is also permitted to cooperate with domestic or foreign investors for the implementation of development and

independent legal status. The capital of the organization will belong to the state. Such companies and their subsidiaries shall be exempt from the laws and regulations governing state-owned companies and from other general regulations; they shall be administered solely on the basis of the present law and relevant statutes". Considering the fact that Law on the Administration of Free Trade-Industrial Zones was passed in 1994 and dominates the Law for Determination of Authority of Approval and/or Adjustment of Statute of Companies and Subsidiaries of Ministries in Free Trade-Industrial Zones (passed in 1988), free zones organization is not a party of article passed in 1988.

(1*) and (2*) Law for Determination of Authority of Approval and/or Adjustment of Statute of Companies and Subsidiaries of Ministries in Free Trade-Industrial Zones (passed in 1987-12-13)

Article- Based on the present law, confirmation and/or conducting any adjustment in statutes of entities and subsidiaries of ministries established or administered based on legal licenses of Islamic Consultative Assembly and confirmation of Administrative and Employment Affairs Organization. The adjustment should be developed and finalized by Board of Ministers.

(3*) National Management and Planning Organization

¹⁴ Refer to footnote no.9.

¹⁵ In regard to selection of members of the board of directors for free zones, refer to approval letters of National Laws and Regulations Organization of Iran (www.dotic.ir)

¹⁶ Refer to footnote no.9.

productive projects, in compliance with the due provisions of the Constitution¹⁷. Disputes and claims arising out of the concluded contracts shall be examined and settled in accordance with the mutual agreements and contractual commitments of both parties concerned.¹⁸

Article. 9- Ministries, organizations, institutes and companies owned by or affiliated to the government, may enter into contracts with the organization or its affiliate companies to provide facilities or services in each zone, within the conditions that Board of Ministers define. The terms and conditions of such contracts should be defined in a manner that safeguards the competitive position of the zone against free zones of other countries.

Article. 10 (Amended in 1996-11-12)- Upon approval by the Board of Ministers¹⁹, the organization of each zone is empowered to collect charges from natural or legal persons within the zone in return for provision of municipal services and communications, health, cultural, educational and welfare means.²⁰

Article.11- Issuance of licenses for any kind of permissible economic activity, construction of buildings and installations and embarking on various occupations by legal or real persons could be conducted by the organization if such occupations lack persons-in-charge.²¹

Article. 12- Regulations governing employment of workforce, social insurance and security and issuance of entry visa to foreign nationals shall be based on rules which are to be approved by the Board of Ministers.²²²³

¹⁷ Refer to regulations of investment in free trade-industrial zones of Islamic Republic of Iran (passed in 1994-05-09) approved by member ministers of Supreme Council of Free Zones.

¹⁸ Refer to agreements included in the present document.

¹⁹ Refer to footnote no.9.

²⁰ A-Refer to Law of Establishment, Duties and Selection of Islamic Councils and Mayors passed in 1996-05-21 as well as National System for Laws and Regulations of Islamic Republic of Iran (www.dotic.ir).

B-To execute these articles, the executive bylaw for receiving license in Free Trade-Industrial Zones (passed in 1995-01-17) as well as executive instructions of bylaw for receiving license for free trade-industrial zones (passed in 1994-10-01) should be referred to.

C-Refer to paragraph 16-2 of 2014 budget approval letter for free trade- industrial zones organizations of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku approved in 2014-03-11 under the title of "civil services".

²¹ -A: Refer to paragraph A in footnote no. 21

B-Suggestion 7-7248 (2010-02-06 A. H. GH) : Considering the fact that free trade-industrial zones organizations are, under article 11 of Law on the Administration of Free Trade-Industrial Zones passed in 1993-09-12, authorized to issue license for developing buildings and facilities by different legal and real persons

²² Refer to footnote no. 9

²³ To execute this article, the following regulations have been passed:

A- Law of Employment of Labor Force, Insurance and Social Security in Free Trade-Industrial Zones passed in 1994-05-09.

B- Regulations of transportation, insurance fee, pension contributions, and insured persons in free trade-industrial zones of Iran passed in 1994-01-02.

Article. 13 (Amended in 2009-05-27): Real and legal persons engaged in any kind of economic activity in a zone are exempt from payment of income and property tax as determined by Direct Taxes Law²⁴ for a duration of 20 calendar year²⁵ from the date of the commencement of the operation, mentioned in the permit with respect to any type of economic activity in the Free Zone. Upon the lapse of the initial 20 years, the issue shall be subject to the tax regulations proposal by the Board of Ministers and passed by Islamic Consultative Assembly.²⁶

C- Executive Bylaw for Issuing Visas to Foreign Citizens by Free Trade-Industrial Zones of Islamic Republic of Iran passed in 1995-01-17.

²⁴ Refer to set of direct tax law published by press of this department to know more about this law and its consequent adjustments.

²⁵ Previous Article 13

Real and legal persons engaged in any kind of economic activity in a zone are exempt from payment of income and property tax as determined by Direct Taxes Law for a duration of 15 calendar year from the date of the commencement of the operation, mentioned in the permit with respect to any type of economic activity in the Free Zone. Upon the lapse of the initial 15 years, the issue shall be subject to the tax regulations proposal by the Board of Ministers and passed by Islamic Consultative Assembly.

²⁶ Tax exemptions as defined by article 13 could be applied between establishment of free zones and start of activity up to date of passing Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1993-08-29). In addition, one could refer to article 13 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran passed in 1995-04-10).

In regard to article 13 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran passed in 1995-04-10), the following case should be raised.

Subject of Enquiry: Does tax exemption as detailed in article 13 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran passed in 1995-04-10) could be applied or not?

Comment of Islamic Consultative Assembly:

As suggested in article 13 of the above-mentioned law, tax exemption could be applied in the interval between establishing free zones and date of approving the above-mentioned law.

B-The income of economic activities of real and legal persons in free zones and assets related to the income, if the person is residing in such zones, he will be exempted from paying tax based on article 13 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran passed in 1995-04-10. However, income of those persons who reside in these zones but their source of income is not located in the zones will not be exempted from paying tax. In addition, if economic activity of a person is done in the zone and out of it, tax exemption will be proportionate to level of activity done in the zone. In this regard, decrees of general board of Supreme Council of Tax and circulars of Supreme Council should be noted.

Decree 30/4-5586 (1997-08-13) by the General Board of Supreme Tax Council: The report no. 30/4-5586 (1997-08-13) was raised by head of supreme tax council and deputy president of department of tax incomes in 1997-07-29 in general board of supreme tax council. The report is regarding some questions raised on tax exemption in free trade-industrial zones of Islamic Republic of Iran and probable exemption during dissolution period in general council of supreme tax council. The questions are;

1-Do tax exemption as detailed in first chapter of direct tax law (passed in February 1998) with further adjustment and tax exemption detailed in article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran include in calculation of tax for last operational period of legal persons dissolved during exemption

period or not? If legal persons involved in free zones are exempt from paying tax during dissolution period, does this exemption include their assets which are out of free zones or not?

2-In cases that shareholders or shares that legal persons involved in free trade-industrial zones have or real persons engaged in free zones enjoy tax exemption as detailed in article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran pass away, do their remaining assets in free zones are exempt from tax too?

3-Does activity of companies a part or all capital of which belongs to the state either directly or indirectly and engage in free trade-industrial zones are exempt from paying tax as detailed in article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran?

General Board of Supreme Tax Council offers its decrees regarding the following questions on paragraph 3 in article 255 of direct tax law passed in February 1988 after it sought comments of experts on raised issues:

1-First, in regard to legal persons that are dissolved during exemption period as raised in first chapter of direct tax law, income of tax-exempted activities done in last operating period up to date of dissolution will be deducted from total amount of tax-covered capital in the intended period. The remaining income will be covered by tax regulations.

Second, based on article 115 of direct tax law (passed in February 1988) and its relevant Note, the criterion for calculating tax for last operating period of legal persons being dissolved will be based on increased price of assets and results of performance in that period. On the other hand, during dissolution period tax in the period of applying income tax of legal periods will be calculated. The outcome has been included in the column of income tax group. Therefore, tax exemption as detailed in article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29) will include those assets located in the zones for conducting economic activities. However, assets of persons included in article 13 of the law which are located out the regions will not be tax-exempted.

2-Article 12 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29) will include those persons in tax exemption who are engaged in investment or economic activity. Therefore, if such persons pass away while investing or engaging in economic activities none of his/her/its inheritors can be exempted from tax on the excuse that their assets are located in free trade-industrial zone.

3-Article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29), presumed to be a distinct law, does not distinguish between different companies whether a part of all of their capital is directly or indirectly owned by the state or private sector. Therefore, in proportion to their state-owned share the companies will not be exempted from tax as detailed in article 13.

Comment of Minority Council:

Based on Article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29), those persons licensed to conduct any type of economic activity in free zone will be income-tax exempted from date of exploitation detailed in the license to the next 15 years. Their associated assets in free zone will be exempt from tax regulations, including direct taxes, such as tax on inheritors.

Decree 30/4/2090- 1995-05-25 by General Assembly in Supreme Tax Council: Report no. 30/4/2090- 1995-05-25 was issued by tax technical office and deputy department of tax incomes regarding ambiguous issues of inclusion or exclusion of tax exemption based on article 13 of Law on Administration of Free Trade-Industrial Zones of The Islamic Republic Iran (passed in 1993-08-29) which had been passed by Islamic Consultative Assembly. In a meeting dated 1995-06-10, general board of supreme tax council, the following questions were raised:

- 1- Are wage earner and business owners engaged in economic activities of free zone covered by tax exemption?
- 2- In regard to real persons that are legally covered by related article, do their assets be covered under inheritance tax if such persons pass away?

-
- 3- Will legal persons addressed in article 13 of the law be exempted from income tax if they are dissolved structurally?
 - 4- Will capital of shareholding companies and joint ventures be covered by article 48 of direct tax law at the time of establishing the company or increasing its capital base?

General Board of Supreme Tax Council issued the following decrees: Based on article 13 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran, any economic activity in free zones or any economic activities of real and legal persons licensed by authorized entities (e.g. employment or occupational) or started based on establishing or exploitation licenses of manufacturing and industrial units located in relevant zones will be exempt from income tax in due time. In addition, all assets and properties of persons that are specifically related to their economic activities and located in aforementioned regions will be exempted from tax.

Circular 30/4- 9246/37756 (1997-11-23) by Supreme Tax Council: Considering the fact that tax exemption of those people the legal residence of whom is located in free zone and have some for-profit and economic activities in those zones, or those whose legal residence is out of free zones but have economic and for-profit activities out of such zones as well as persons whose legal residence is located out of free zone but have for-profit and economic activities in those zones were accompanied by certain ambiguities, it should be noted that based on article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29) any type of economic activity of persons in free zones will be exempted for 15 years from data of exploitation written in the license of activity in the zone. The tax exemptions are income and property tax. Therefore, it should be noted that tax exemption of legal residence of persons will be determined based on for-profit economic activity and not based on legal residential location of persons. Evidently, the tax exemption will be applied for the part of a person's income which is out of intended sites no matter their legal residence is located in free zones or not. The articles included in this circular were already approved by general board of Supreme Tax Council.

Circular no. 30/4-13209/59908 (2000-02-19) by the Supreme Tax Council: As stated before, based on article 13 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29) legal and real persons involved in different types of economic activities will be exempted of paying property and income tax as dictated by Direct Tax Law for 15 years from date on exploitation license. It is sometimes noticed that some legal persons announce their legal residence as located in free zones or establish a branch of their company in the zone while some or all of their economic activities are being done in Tehran, other parts of the country or out of the country or some local real person, branch, representative or office are in the zone while some or all of their activities are out of free zones. Such persons (real or legal) endeavor to benefit from tax exemption for all incomes of residence, branches, representative and other assets on the free zone. In this regard, legal or real persons that act as representative of foreign vendors might establish a branch in free zone. In addition to marketing and advertisement through official media channels and other means, they might start selling their products in Tehran, out of free zones and register their activities in records of free zone.

In such cases, one should note that article 13 is exclusively concerning income of economic activity in the zone and relevant assets in the zone. In other words, exemption will be applied for those income sources which are exclusively due to economic activity of in free zones. Otherwise, establishing a branch as mentioned above, a legal residence in free zones will not make persons candidates of tax exemption. If economic activities are done within and without the region in a combined method, exemption will be in relation to amount of activities inside the zone. Articles of this circular has already been approved by general board of Supreme Tax Council.

C-Decree 7/7295 (1995-02-05 A. H. GH). Considering the fact that articles 5, 8, 10, 11, and 24 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic Iran (passed in 1993-08-29) and issuing licenses for conducting any authorized economic activities, construction and executing rights of land should be based on Law of Urban Lands and Law on Protection and Utilization of Forest Resources. In this regard, construction on coastal lands should be authorized by free zones organizations and as stated in article 8 the principality has no right to interfere in such measures.

Article. 14: Commercial trades between zones and foreign countries, after being registered at the customs office, is excluded from provisions of export–import regulations. Governmental regulations of export and import of goods and customs formalities within each zone shall be approved by Board of Ministers²⁷. ²⁸Trade transactions between the zones and the rest of the country, whether of commercial nature or by travelers, is governed by the general export-import regulations of the country.²⁹

Article. 15- Importation³⁰ of goods, up to the amount of added value³¹, produced into a free zone to other parts of the country shall be exempt, upon approval of Board of Ministers³², from payment of all or a part of customs duties and commercial benefit tax^{33 34}.

Article. 16: Importation³⁵ of goods the raw materials of which are wholly or partly supplied domestically will be exempted from certain taxes. They will be exempt from paying some or all of customs fees and business profit³⁶ taxes.³⁷

²⁷ Refer to footnote no. 9.

²⁸ Passed in 1993-05-09 to execute articles no. 14, 15, 16 and 17 of “Regulation of export, import and customs of the Free Zones”.

²⁹ Refer to approval letter for importation of goods by Iranian workers employed abroad and travelers in to the country and free trade-industrial zones of Maku, Bandar-e Anzali, Aras and Arvand passed by Board of Ministers in 2013-05-05.

³⁰ Based on decree in paragraph B of article 112 included in Fifth Development Plan of Islamic Republic of Iran passed in 2011-01-05 which states, “The good manufactured or processed in free and special economic zones will be exempted up to their sum of added value, value of raw materials and domestically produced parts from customs fee since they are regarded as made in Iran when exported to other parts of the country.

³¹ Article 3 of Law of Value-added Tax passed in 2008-05-06: In this law, value added is interpreted as difference between value of offered products and services and value of purchased or procured products and services in a definite period of time.

³² Refer to footnote no. 9.

³³ Paragraph D in article 1 of Customs Law passed in 2011-11-13: Customs fee is equivalent with 4 percent of customs-assessed value of the product plus trading profit as determined by Board of Ministers. In addition, the amounts and fees that customs offices are legally bound to charge to approve importation of products does not include all expenses of offering services.

³⁴ -Passed in 1994-05-09 to execute articles 14, 15, 16, and 17 of “Regulation of export, import and customs of the Free Zones” and included here.

³⁵ Refer to footnote no. 30.

³⁶ Refer to footnote no. 33

³⁷ Passed in 1994-05-09 to execute articles 14, 15, 16, and 17 of “Regulation of export, import and customs of the Free Zones” and included here

Article.17-Goods transported from the rest of the country for use and consumption in a zone shall be regarded as domestic movement of goods, but their exportation from a zone to foreign countries shall be subject to general Export–Import Regulations.³⁸

Article 18 (Amended on 1999-07-21): Establishing a bank and credit institute as public or private joint stock company, under a title for conducting banking operations should be exclusively based on this law and its executive bylaw which are developed by central bank and approved by Board of Ministers^{39, 40}.

³⁸Passed in 1994-05-09 to execute articles 14, 15, 16, and 17 of “Regulation of export, import and customs of the Free Zones” and included here.

³⁹ Refer to footnote no.9.

⁴⁰ A- Law on Establishing Non-governmental Banks (Passed in 2000-04-09)

Article: In order to promote competitiveness of financial markets, encourage savings and investment, providing sufficient conditions for economic development of Iran and preventing social losses and based on article 44 of the constitution, the private banks could be licensed based on the following framework, principles and conditions.

A-Monetary, credit and currency policies, printing money, issuing coins, preservation of currency resources, surveillance of banks, issuing license for banking operations and sovereignty will be dealt with by the state.

B-Regulations of banking activities such as compliance with financial ratios to achieve normal financial structure, type of contracts, and banking contracts should be based on monetary and banking regulations passed in 1972 as well as Law of Usury-free Banking Operation.

C-If following conditions are satisfied, the state could grant license to real and legal persons:

- 1- Sufficient experience and knowledge.
- 2- Ability to finance and conduct required activities.
- 3- Lack of any background of financial and moral misdeed.

B-Article 92 of the Fourth Economic, Social and Cultural Development Plan of the Islamic Republic of Iran passed in 2000-04-05: In order to promote competitiveness of banks, improve financial markets, and encourage domestic savings, central bank of Islamic Republic of Iran should provide the conditions for establishing different types of entities, organizations and non-banking credit units. In addition, central bank should monitor them properly and prevent unlicensed institutes from activity. The conditions for establishing, operation and bankruptcy of entities, organizations and credit units (non-governmental entities) are detailed in monetary and banking law of 1972. Such entities will be prohibited from involvement in those affairs that monetary council regard as exclusive to banks. Central bank should monitor affairs of banks and financial entities and non-governmental organizations and entities based on approved regulations.

C-Law of Reference to Article 92 of Third Economic, Social and Cultural Development Plan of Islamic Republic of Iran passed in 2000-05-24.

Subject of Enquiry:

In article 92 of the Third Economic, Social and Cultural Development Plan of the Islamic Republic of Iran regarding establishing, activity, dissolution and bankruptcy of non-banking credit entities, organizations and institutes, are conditions and rules for regulation of banks considered in Monetary and Banking Law?

Response of Islamic Consultative Assembly:

Note. 1 (Amended in 1999-07-21): Iranian bank and credit institute in the zone operating through domestic and foreign sources of capital may be established upon the proposal of Zone

Article: In article 92 of the Third Economic, Social and Cultural Development Plan of Islamic Republic of Iran (approved in 2000-04-05) regarding terms of establishing, activity, arrangement for dissolution and bankruptcy of non-banking credit entities and units, terms of regulating banks in Monetary and Banking Law should be referred to.

C-From Law of Reinforcing General Policies of the 44th Article of the Constitution passed in 2008-01-28:

Article 5: Non-governmental banks and financial entities as well as intermediate monetary firms could be established before or after approval of this law as well as governmental banks the shares of which are sold will be authorized to conduct their affairs under the title of public companies or cooperatives. The upper limit for shareholding of a public company, cooperative or any type of non-governmental public institute is 10 percent. For legal and real person, this is limited to 5 percent.

In the case that such trades exceed the permissible limit, such trades will be void. Increase of permissible top limit through inheritance follows the same trend. The inheritors of legally acknowledge parents should sell the excess within 2 months from data of Probate License. Compulsory increase of permissible top limit of shareholding should be reduced in less than 3 months to permissible limit.

Note.1-Real persons who are shareholders of certain firms as well as their family members (wife, husband, children, siblings, and parents) could hold shares up to permissible limit. This is to prevent them for appointing more than 1 member of board of directors.

Note.2-Upon approval of Central Bank as well as Money and Credit Council, the state is obliged to conduct legal measures for establishment and administration of firms addressed in this article (*4) within 3 months.

Note. 3- Non-governmental firms addressed in this law are obliged to comply with it in 1 year from its date of approval.

Note. 4-Credit cooperatives and saving funds which are exclusively working on this domain are exceptions to this article and they should comply with their own regulations.

Note. 5 (Amended in 2010-05-25): In the case of establishing a joint bank based on domestic and foreign capital, the share of foreign capital is an exception to this article.

- 1- Government of Islamic Republic of Iran is only authorized to establish a development bank if there is a foreign investor.
- 2- Foreign legal persons with at least 51 percent share of Iranian institutes will be of the same position as Iranians.

Article. 92-Since approval date of this law, all opposing regulations will be cancelled. As long as future regulations do not include this law explicitly or name it or its articles, they will be invalid.

(*1)-Refer to Law of Establishment, Duties and Selection of Islamic Councils and Mayors passed in 1996-05-21 as well as National System for Laws and Regulations of Islamic Republic of Iran (www.dotic.ir).

(*2)-Based on Amendment 2011-03-02, the title was changed to “Law of Amendment of Certain Articles of Fourth Economic, Social and Cultural Development Plan of Islamic Republic of Iran and Reinforcement of General Policies of Article 44 of Constitution”.

(*3) The above law was passed by Islamic Consultative Assembly in 2008-02-07 and approved by the Expediency Council in 2008-02-07.

D-Refer to “Executive Bylaw of Money and Banking Operations in Free Trade-Industrial Zones” passed in 2008-02-07 and “Executive Instruction of Monetary and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran” passed by Money and Credit Council in 2008-02-07.

Organization, approval of statute of establishment by Money and Credit Council and issuance of license by Central Bank of Iran.

Note. 2 (Amended in 1999-07-21): Opening of a branch by the Banks and credit institutes, whether Iranian or foreign, shall be premised on proposal of the Zone Authority, and approval of the Central Bank.

Note. 3 (Amended in 2008-02-07): The dominant currency system for equivalence of Rial against other currencies will be determined by Board of Ministers^{41 42}.

Note .4 (Amended in 2008-02-07): Transactions of banking units located in free zones shall be on the basis of the Iranian Rial and shall be subject to the Islamic Banking Regulations. Banking units, having obtained the license for offshore banking operations, are banned from transactions in Iranian Rial.

Article. 19- Upon approval by the Board of Ministers⁴³, zone organization is empowered, within the framework of its approved plan and budget, to obtain and guarantee credits from domestic and foreign sources for the purpose of implementing of infrastructures and productive projects. Repayment of these credits shall take place only through drawing on revenues of the Zone concerned.

Article. 20- Inflow and outflow of capital and profits generated by economic activities in each zone are permitted. The required regulation for attraction and protection of investment in each zone and arrangements and participation of foreigners in activities of each zone shall be approved by the Board of Ministers^{44 45}.

⁴¹ Refer to footnote no. 9.

⁴² In regard to foreign exchange system of free zones, refer to ““Executive Bylaw of Money and Banking Operations in Free Trade-Industrial Zones” passed in 2008-02-07 and “Executive Instruction of Monetary and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran” passed by Money and Credit Council in 2008-02-07.

⁴³ Refer to footnote no. 9.

⁴⁴ Refer to footnote no. 9.

⁴⁵ A-Refer to “Foreign Investment Promotion and Protection Law” passed by Islamic Consultative Assembly in 2002-03-10 and approved by the Expediency Council after further amendments in 2002-05-25. The document is available at www.dotic.ir.

Article 21 (Amended on 1999-07-21): The legal rights of investors the capital investment of whom has been decreed by the Board of Ministers, shall be guaranteed and protected. Should the capital of such investors be nationalized to the favor of the public or their properties being dispossessed of, a fair compensation shall be paid by the government. The regulations on manner of admitting such investments and manner of compensation shall be in accordance to the bylaw approved by the Board of Ministers^{46, 47}.

Article 22 (Amended on 1999-07-21): Registration of companies, intellectual and industrial property rights, as well as registration of ships, vessels and the aircraft in the zone, shall be, based on article 81 of the Constitution⁴⁸, and in accordance with the bylaw approved by the Board of Ministers^{49, 50}.

Note (Amended in 1999-07-21): Registration of companies and intellectual and industrial property rights in each zone shall be accomplished by the Organization of that zone.

Article. 23-The zone organization is entitled to open representative offices wherever deemed necessary.

Article. 24- Utilization of land and national resources belonging to the government within each zone and sale or lease to Iranian nationals shall be determined by regulations approved by the Board of Ministers⁵¹ and based on development plans of each zone.⁵² The organization of each zone shall be responsible for the enforcement of relevant regulations.

⁴⁶ Refer to footnote no. 9.

⁴⁷ A- Refer to "Foreign Investment Promotion and Protection Law" passed by Islamic Consultative Assembly in 2002-03-10 and approved by the Expediency Council after further amendments in 2002-05-25. The document is available at www.dotic.ir.

B- "Law of Investment in Free Trade-Industrial Zones" passed in 1994-05-09 and included in the same document.

⁴⁸ Article 81 of Constitution of Islamic Republic of Iran passed in 1979-12-03: "Awarding license for establishment of companies and institutes involved in business, industrial, agricultural and service sectors to foreigners is forbidden.

⁴⁹ Refer to footnote no.9.

⁵⁰ Refer to approval letter for registration of industrial companies and ownership of industrial and intellectual rights in Free Trade-Industrial Zones of Islamic Republic of Iran passed in 1995-04-24 and regulations for registration and awarding nationality of Islamic Republic of Iran to ships in free trade-industrial zones passed in 1996-01-24.

⁵¹ -Refer to footnote no.9.

Note . 1-Lease of land to foreign nationals is permitted but selling such land is strictly forbidden.

Note . 2- Iranians residing in the islands turned into free zones shall enjoy the same rights of ownership of the land and improvements as the rest of the country.⁵³ The registry of the Deeds and Properties Organization is obliged to issue ownership title to individuals in accordance with laws and regulations.

Article. 25-The head and directors of each zone organization, managing directors and board members of affiliated companies, all the ministers and the heads of government organizations, heads of the judiciary power, Supreme Court and Administrative Justice Tribunal, public prosecutor, chief of state inspectorate, their respective deputies and advisors, MPs, governors – general, mayors and their deputies and their respective first degree relatives are not authorized to hold shares in companies founded by zone organizations or in private companies operating in the zones.

Article. 26-The executive bylaws of this law shall be approved by Board of Ministers^{54 55}.

⁵² A- Refer to Bylaw of land and natural resources bylaw of free trade-industrial zones of Islamic Republic of Iran passed by member ministers of Supreme Council of Free Trade- Industrial Zones (dated 1994-03-14).

B-From presidential circular no. 106001 (2011-08-14).

2-Based on “Law of Protection of Land and Garden Use”, principle of preserving use of farming and gardening land and lack of change in their application. The entity for determining necessity of use change in suburban areas and towns is Committee of Note 1 of Article 1. The committee is made up of heads of Agricultural Jihad Organization, Roads and Urban Development Organization of Province, Land Affairs Administrator of the province, and Environmental Protection Agency, and representative of the governor. Therefore, complying the least area for issuing license of use change is essential.

Note. In regard to farming and gardening lands that belong to the public or the state and are located in free trade-industrial zones, measures should be based on article 24 of Law on Administration of Free Trade-Industrial Zones and the bylaw.

⁵³ The circular in regard to issuing ownership documents of free zones issued by Head of Organization for Registration of Deeds and Property in 2003-06-07 states that ownership documents of free zones are highly significant if it is proved by Minister of Commerce. Based on Note 2 in article 24 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1993-09-12), issuance of this type of ownership documents is significant. The number of ownership papers issued in such zones should be reported to Organization for Registration of Deeds and Property. If applications are received but not examined in terms of compliance with regulations, the problems should be notified to the Free Zone Organization to be addressed later on.

⁵⁴ Refer to footnote no. 9.

⁵⁵ Refer to “Law of Establishing Free Trade-Industrial Zones” passed by Member Ministers of Coordination Committee of Trade-Industrial Zones and Special Economic Zones in 2014-07-15.

Article. 27 (Amended on 1996-11-12): In order coordinate activities carried out in the Free Zones and if the case calls for, one of the two following procedures shall be done based on the approval of relevant minister⁵⁶:

- A- The executive departments (affiliated with the Executive Department) shall entrust their authorities to the chairpersons and managing directors of the Free Zones;
- B- Managers, head and directors of executive departments located in free zones should be assigned based on suggestions of head of board of directors, general manager of organization or decree of top official of executive department.

Article 28 (Ratified on 1999-07-21): Establishment and operation of Iranian insurance institutes, branches and representatives as well as insurance agency representative in the Free Trade Industrial- Zones of the Islamic Republic of Iran based on domestic and foreign capital investment is permitted and shall be only subject to the regulations proposed by the Central Insurance of Iran and approved by the Board of Ministers^{57 58}.

⁵⁶ -This article is different from paragraph. A in Article 112 of the Fifth Development Plan (passed in 2011-01-05). Because article 226 of the law dictates that cancellation of regulations is possible on explicit addressing, article 27 will be executable during fifth development plan.

⁵⁷ A-Refer to approval letter concerning establishment and activity of insurance entities in free trade-industrial zones (2000-08-23) approved by board of ministers and approval letter on regulations of granting representation license to real persons passed by the Supreme Insurance Council in 2003-06-24) with further amendments. In regard to currently operating insurance companies, refer to insurance regulations as issued by press of this deputy. B-Law of Establishing Non-governmental Insurance Institutes (2001-08-28) could be applied on free zones too. Please not the following:

Law of Establishing Non-governmental Insurance Institutes (2001-08-28)

Article. In order to promote and develop insurance industry in Iran, improve competitiveness and efficiency of insurance market, increase social and economic welfare and security and prevent from social losses, license for establishing private insurance institute could be issued based on article 44 of Constitution and following conditions:

- 1- Policy making for insurance industry, surveillance of insurance activities, and issuing license for insurance-related activities will be conducted by government of Islamic Republic of Iran.
- 2- Regulations concerning establishment and activity of domestic insurance companies such as terms of receiving license and its cancellation, transfer of operation and merger, dissolution and bankruptcy of insurance entities, limit of insurance activities including types of insurance trades, insurance fee and charges of different insurance fields, technical and legal reserves and investment will be developed based on Law of Establishment of Central Insurance of Iran (passed in 1974-06-20) and its further amendments as well as Law of Insurance passed in 1937-04-27.

Following request of Central Insurance of Iran, minimum capital for insurance companies of private sector will be determined based on article 36 of Law of Establishment of Central Insurance of Iran (passed in 1974-06-20) and approval of Board of Ministers.

⁵⁸ -Refer to approval letters of the High Insurance Council.

Note (Amended by Islamic Consultative in 2009-07-29 and by Expediency Discernment Council in 2010-03-06): The directive in this article will cover branches and representatives of foreign institutes and foreign insurance bodies.⁵⁹

Article. 29 (Amended by Islamic Consultative in 2009-07-29 and by Expediency Discernment Council in 2010-03-06): Establishing and activity of stock exchanges, funded by domestic and foreign capital, in free zones should be based on regulations and bylaw⁶⁰ that are enforceable in 6 months after data of approval by Board of Ministers. The relevant regulations should be offered by the Supreme Council of the Securities and Exchange.⁶¹

Law of Establishment of Free Trade-Industrial Zones of Abadan and Khoramshahr, Jolfa and Bandar-e Anzali

Passed on 2003-08-24

Article. 1: Certain areas in Abadan and Khoramshahr towns as well as Jolfa and Bandar-e Anzali, as determined by the Board of Managers, shall be recognized as free trade-industrial zones. The zones will be administered based on the Law of Administration of Free Trade-Industrial Zones (with further amendments) passed in 1993-08-29.⁶² Transportation of products by travelers out of the three zones shall be forbidden⁶³. The law will be enforceable since the date of approval.

Law on Expansion of Pars Free Zone

Passed in 2006-08-20

⁵⁹ Refer to paragraph A in subtitle no. 57.

⁶⁰ The bylaw had not been approved up to date of writing this book.

⁶¹ Refer to footnote no. 9.

⁶² The above law has been included in this set.

⁶³ Based on the Note in article 1 of "Law of Establishment of Free Trade-Industrial Zones and 23 Special Economic Zone" (passed in 2010-09-26), the state should make essential arrangements about unification of regulations regarding importation of goods by travelers from free zones in other regions of the world.

Article. 1-The state is authorized to expand the current area of Aras Free Zone in regions on border of Islamic Republic of Iran with Azerbaijan Republic, Nakhchivan Autonomous Republic and the Republic of Armenia.⁶⁴

Note. 1-The financial costs of reinforcing this law will be covered from income source of the free zone.

Note. 2-In expanded area (as addressed in this law), articles 51 to 71 in part 4 of the third chapter⁶⁵ and articles 304 to 306, 318, 421 and 526 of the Business Act as passed in 1932 will not be enforceable. Other articles of the above-mentioned law, as long as the Guardian Council do not regard them against Sharia principles, are enforceable.

Note. 3-Establishing branches by foreign banks, financial and credit bodies in the expanded area of Aras Free Zone (as addressed in this law) is not allowed.

Law of Establishing One Trade-Industrial Free zone and Thirty Three Special Economic Zones

Approved on 2010-09-26

Article. 1-The State is authorized to establish an trade-industrial free zone in Maku Town, located in Islamic Republic of Iran. All activities addressed in Law on Administration of Free Trade-Industrial Zone of Islamic Republic of Iran (approved in 1993-08-29) and its further amendments within Maku Trade-Industrial Free Zone are authorized. Its geographical limit is determined in the map.^{66 67}

⁶⁴ Refer to approval letter on “determination of area of Free Trade-Industrial Zone of Aras” passed by Board of Ministers in 2014-07-26 which is included in this set.

⁶⁵ For review of above items, refer to set of business law published by deputy department.

⁶⁶ Refer to Business Law (passed in 1933-03-04) as included in this set of business laws which was published from press of this deputy department.

Article. 304-The loss of deferred payment of main bill, due to non- payment, will be calculated from day of objection. The loss of deferred payment of objection expenses and expenses of returning the original sum will be solely calculated since date of litigation.

Article. 305-In regard to payment receipts issued abroad, conditions of payment will be based on regulations of issuing country of origin.

Some other payment obligations (obligations caused by offering guarantee) generated abroad will be subject to regulations of the country where obligations were raised.

Note-The State should make essential arrangements regarding unification of regulations regarding traveler's importation of goods from free zones to other parts of the country.

Article. 2-The government is permitted to establish special economic zones in certain areas of Sistan and Baluchestan (Sistan), Kurdistan (Marivan), Southern Khorasan (Birjand), Fars (Lamard, Nairiz and Kazeron), Razavi Khorasan (Dogharan), Western Azerbaijan (Salmas), Isfahan (Kashan), Chaharmahal va Bakhtiari (Shahrekord), Tehran (Rey), Hamedan (Jahan Abad), Golestan (Atrak), Bushehr (Northern Bushehr Special Economic Zone), Semnan (Damghan and Semnan), Kermanshah (Islamabad-e-Gharb), Ardebil (Nimen), Khuzestan (Imam Khomeini Port), Mazandaran (Noshahr), Ilam (Mehran), and Kerman (Jazmurian and Rasfanjan) after final approval of the Board of Minister⁶⁸ .⁶⁹

Therefore, if basic conditions of payment comply with Iranian regulations, the parties in Iran undertaking those obligations are not allowed to state that basic conditions of payment or payment obligations are not compliant with regulations of foreign countries.

Article. 306-Objection or any measure to preserve rights of payment and use of payment frees abroad should be compliant with regulations of the country where the activity is being done.

Chapter. 4-In Duration of Time

Article. 318-Lawsuits concerning payment of obligation and check by businessman or for business affairs will not be judged in five years after date of issuing the last objection letter or last prosecution decree in courts of justice unless it is agreed that confession date is regard as starting date.

Note. The content of this article will not be enforceable for checks, guarantees and obligations generated before date of enforcing the business law (i.e. 1925-04-01 and 1925-06-2). Such excluded documents will be administered based on current regulations.

Article. 421-Just at the date of issuing bankruptcy notice, deferred obligations are prioritized over currently undertaken obligations.

Article. 562-The creditors cannot be compensated for more than 5 years of holding debts. The claims debts per annum cannot exceed 7 percent.

⁶⁷ Refer to approval letter regarding determination of limits of Maku Free Trade-Industrial Zone passed by Board of Ministers in 2010-05-09.

⁶⁸ Based on the Approval Letter of the Supreme Council of Free Trade-Industrial Zones and Special Economic Zones passed by the Board of Ministers (approved in 2013-08-25) , the set of duties and authorities of Board of Managers in Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (1993) with further amendments (except for Note 3 of article 1), and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed in 1994 (except for Note 2 of article 1) and other regulations concerning Free Trade-Industrial Zone will be assigned to member ministers of Supreme Council of Industrial Trade Free Zones and Special Economic Zone.

⁶⁹ Refer to following approval letters as included in this set:

1-Determining responsible organization, authority and orientation of activity of Special Economic Zones of Doghan, Rafsanjan, Jazmurian, Imam Khomeini Port, Noshahr Port, Shahrekord, Islamabad-e-Gharb, Mehran, Salmas, Atrak, Damghan, Semnan and Lamord (passed in 2011-04-01)

2-Determining responsible organization, authority and orientation of activity of Special Economic Zones of Sistan (Ramshar), Namin, Kazarun, Kaveh, Bojnoord, Lavan, Parsian, and Baneh (passed in 2011-09-13)

3- Determining responsible organization, authority and orientation of activity of Special Economic Zones of Birjand, Sabzevar, Zarandieh (Iranian) and Jahrom (2012-03-10).

The above-mentioned zones will be managed in accordance to the Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed in 2005-06-01).

Law of Attachment of Hendurabi and Greater and Lesser Faror to Kish Free Zone

passed in December 19, 2010

Article. 1-The government is authorized to attach Hendurabi as well as Greater and Lesser Faror islands, as annexed in the relevant map, to Kish Free Zone.⁷⁰

4-Determining responsible organization, authority and orientation of activity of Special Economic Zones of Jahan Abad, Rey and Sahalan (2012-03-10).

⁷⁰ Approval letter regarding ICZM Plan for Hendurabi Island passed by Supreme Council for Planning and Architecture of Iran (approved in 2013-07-22)

Integrated coastal zone management (ICZM) for Hendurabi Island is part of ICZM plan for southern islands was introduced by Supreme Council for Planning and Architecture of Iran (approval date: 2010-09-27). The project was oriented around Kish Free Zone and introduced to Supreme Council for further approval.

Please, make required arrangements for sufficient notification. In order to execute article 42 of the bylaw (passed in 1999-12-03), project documents and procedures for review and approval of projects should be offered to board of managers.

Relevant Regulations



Law of Union System of Iran

Passed in 2004-03-14

Article. 88-Secretariat of the Supreme Supervisory Board is obliged to cooperate with the secretariat of the Supreme Council of Free Trade-Industrial Zones in developing an executive bylaw⁷¹ for establishment and activating unions in free zones of Iran. After approval of the minister of industry, mine and trade,⁷²the bylaw will be enforceable.

From Value-added Tax Code⁷³

Passed in 2009-03-07

Article. 52-Since due date of enforcement of the law, certain regulations, amendment of certain items from Third Economic, Social and Cultural Development Plan of Islamic Republic of Iran, regulations concerning charging and reception of expenses from product manufacturers, service providers and imported products (passed during 2002) and other specific and general regulations regarding reception of indirect tax and tariffs on importation and manufacturing of products and provision of services will be cancelled. In addition, determination and reception of indirect tax and other tariffs from product manufacturers and service providers are forbidden. The directives of this article include all opposing regulations which should be explicitly addressed.

The following regulations are excluded:

⁷¹ Refer to executive bylaw of article 88 in Law of Union System (Establishment and Activities of Union Organizations in National Free Zones) passed by Minister of Industry, Mines and Trade in 2012-03-14.

⁷² Based Law on Establishment Two Ministries of “Cooperatives, Labor and Social Affairs” and “Industry, Mines and Trade” passed in 2011-06-29, the term “Minister of Commerce” was turned into “Minister of Industry, Mines and Trade”.

⁷³ Duration for pilot execution of above law has extended to late 2016 based on paragraph B in Note 9 of 2016 Budget Law.

- Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran (passed in 1993-08-29)
- Law on Establishment and Administration of Special Economic Zone of the Islamic Republic of Iran (passed in 2005-11-26)

From Law of Administrative Health Promotion and Anti-corruption

74

Passed in 2008-05-18

Article. 9- Ministry of Economic Affairs and Finance should

A-should develop a definite strategic plan for border markets, special economic and trade free zones and definite wharves to be approved by the Board of Ministers⁷⁵. This should be done in one year after approval of this law.

From Fifth Development Plan of the Islamic Republic of Iran (2011-2016)

Passed in 2011-01-05 with Further Amendment and Annexes⁷⁶

Article. 112-In order to organize special economic free zones, help them play an effective role in realization of objectives of the Twenty-year Vision Plan, applying integrated management and creating proper economic development in these regions, effective interaction of national economy with global economy and offering a national development pattern for different sectors;

A-Directors of free zones organizations are representatives of the State and deemed as the highest authority in the region. All duties, authorities and responsibilities of executive departments of the state located in these zones, except for defense and intelligence bodies, are deemed as a part of their job descriptions. The free zones organizations are solely administered

⁷⁴ Law of Administrative Health Promotion and Anti-corruption (passed in 2008-05-18) was approved by Expediency Discernment Council. In addition, the law was done in experimentally for 3 years.

⁷⁵ The above-mentioned approval letter has not been approved up to date of developing this set.

⁷⁶ Refer to footnote no. 33.

based on the Law of Administration of Free Trade-Industrial Zones Organizations and the Labor Act

Note. 1-Assignment of tasks, duties and responsibilities of entities under surveillance of the Supreme Leader could be done after his admission.

Note. 2-Authorities of the governor in regard to enforcement of local regulations approved by Islamic councils shall be assigned to the director of free zone in the region.

B-When imported to other regions of the country, products manufactured or processed in special economic zones shall be exempt from tariff in proportion of value-added, value of raw materials and domestically made parts since they are regarded as made in Iran.⁷⁷

Note. 1-Raw materials and intermediate goods used in production process shall be regarded as domestically made products and raw materials if their associated tariffs⁷⁸ are paid.

Note. 2-Raw materials and parts made abroad which are used in products manufactured or processed in special economic zones (if they had been previously exported from different parts of the country to the zone) shall be regarded as domestically made materials and parts. Consequently, they are exempt from tariff.⁷⁹

C- Based on existing regulations, port-related expenses that ships and vessels are charged for port services should be received by free zone organizations if the ports have been established by private or cooperative sectors or free trade-industrial zones and if they are located within the free zone. The free zones are authorized to admit and discharge ships based on domestic and international regulations.

D- Transportation of products between free zones and abroad or other free zones shall be exempt from all tariffs (except for tariffs detailed in article 10 of the Law on Administration of Free Trade-Industrial Zones passed in 1993-08-29⁸⁰).⁸¹

E- In order to develop purposeful communication with international educational and research entities, establishing representatives for domestic and foreign representatives shall be admitted based on notification of relevant ministries. In addition, establishing private universities in free trade-industrial zones and special economic zones will be permissible through compliance with relevant regulations.

F- The coastal area of free trade-industrial zones is 800 meters away from the shores of free zones if security and intelligence arrangements are confirmed by Central Headquarter.

⁷⁷ Refer to footnote no. 33.

⁷⁸ Refer to footnote no. 33.

⁷⁹ Refer to footnote no. 33.

⁸⁰ The above-mentioned law has been included in this collection.

⁸¹ Refer to footnote no. 33.

The area shall enjoy the benefits of the Law on Administration of Free Trade-Industrial Zones (passed in 1993-08-29).

- G- In order to eradicate poverty in free trade zones, the free zone organizations should contribute at least 1 percent of tariffs of import and export of products and services to deprived people and local community in need via supportive entities.⁸²

Article. 166-In order to reinforce Iran’s position in industrial transportation network, increase incomes of transit and transportation of travelers and goods, develop productive employment and turn International Imam Khomeini Airport to top destination for transportation of goods in the region and the second best center for traveler-based transportation of products, the state should make the following arrangements so as to maintain organizational, financial and managerial independence of the airport and create a stable source of revenue for beneficiaries:

- A- Developing an airport city in vicinity of Imam Khomeini Airport and establishing a trade free zone or special economic zone in a section of airport land for provision of banking and insurance services as well as other services of airport city such as tourism, medicine, entertainment, etc.

Note-The limits of free trade zones and special economic zones covers an expanse from the corner of southern side to corner of western side of the aerial section of Imam Khomeini Airport (1500 hectares). The administration of such an airport city shall be similar to management procedures for free trade zones and special economic zones. The administration shall be done by a governmental subsidiary of Iranian Airport Company. The statute of the company should be developed by Ministry of Road and Urban Development⁸³ and should approved by the Board of Ministers.^{84 85}

- B- Development and completion of infrastructures and buildings while prioritizing development of second phase of International Imam Khomeini Airport

Article. 26-Those regulations and laws the cancellation or amendment of which should be notified explicitly, could be put aside if they opposed current regulations.

⁸² Refer to paragraph 6-2 of approved version of 2015 budget for free trade- industrial zones organizations of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali, and Maku (passed in 2014-03-20) titled “Contribution to Zone Authorities and Organizations” included in this collection.

⁸³ Refer to organizational statute of Imam Khomeini Airport Co. passed by Board of Ministers in 2014-04-13. The document is available in national system of regulations for Islamic Republic of Iran (www.dotic.ir)

⁸⁴ Based on Law of Establishing Ministry of Road and Urban Development passed in 2011-06-21, the term “Department of Transportation” was replaced by “Ministry of Road and Urban Development”.

⁸⁵ At the moment, “Management and Planning Organization of Iran”.

From Law on Traffic Violations

Passed in 2011-02-27

Article. 1-All drivers, travelers in vehicles, on-land transportation authority, pedestrians and those engaged in transportation and traffic fields are covered by this law.⁸⁶

Article. 2-The officers in traffic personnel of the Police Force of the Islamic Republic of Iran who have been trained for detection of traffic violations and determination of fines for such violation could issue fine tickets.

Note. 1- The Police Force of the Islamic Republic of Iran could authorize certain officers regarding detection of violation and issuing fine tickets for 10 years if they have certain qualifications. The traffic personnel should have (at least) finished high school with diploma, driving license and 10 years of continuous occupation in police force. In some cases, personnel and contractually employed officers from other parts of police officers with necessary training could be employed.

Note. 2-The Police force is authorized to employ trained and authorized contractually- employed officers for enforcement of this article for 10 years from date of enforcing this law up to date of succession of those officers with personnel of the force.

Note: The Traffic Organization of the Islamic Republic of Iran is authorized to use reports of qualified volunteers with the bachelor's degree (at least) and sufficient training for detection of violations and issuing fine tickets.

Article. 21-Fines for violation of traffic regulations in all parts of the country and free trade-industrial zones, depending on time and location of violation, type of violation or its effect on environmental pollution, traffic safety and other influential factors, ranges from 100 thousand to 1 million IRR as defined in article 7 of the law.⁸⁷ In other cases, it might range from 30 thousand

⁸⁶ Refer to "Traffic Bylaw of Free Trade-Industrial Zones of Islamic Republic of Iran passed by member ministers of "Supreme Council of Free Zones" with further amendments (approved in 1994-10-01).

⁸⁷ -From Law of Driving Violations (2011-02-27):

Article. 7-The officers mentioned in article 2 of the law should, as dictated by their authorities and task, could issue fine tickets for violators in person. Alternatively, they could file a report of violations included in the following table after capturing their violation by camera. The report should include violator's name and type of license and it should be sent to relevant Vehicle Registration Office. The office should treat the violators based on sum of negative scores as defined in the following:

1-If violator has negative 30 score, his/her license will be confiscated for 3 months. After the deadline, the license could be returned by paying a fine of 400, 000 Rial to public treasury office.

2-After enforcing the regulations addressed in article 1, if new violations assign another negative 25 score to violator, his/her license will be void. After 6 months, the violator could apply for a new license after receiving required training and paying 600.000 IRR to public treasury.

3- After enforcing the regulations addressed in article 2, if new violations assign another negative 25 score to violator, his/her license will be void. After 1 year, the violator could apply for a new license after receiving required training and paying 1,000.000 IRR to public treasury.

Note. 1: Except for paragraphs 1 to 7, in other cases each violation per 24 hours is assigned solely one negative score (-1).

Note. 2-If violator does not violate trafficking regulations for 6 months from last violation as detailed in articles 1 and 2 or one year after violation of traffic regulations as addressed in article 3, all of his/her negative scores will be scrapped and his/her next violation will be deemed as first violation.

Note. 3-After receiving notice of status, the violator should deliver his/her driving license to relevant Vehicle Registration Office. Otherwise, the case is forwarded to complaint resolution unit as defined in article 5 of the law. After review and denial of suggested excuses, cash fines defined in paragraphs of this articles will be doubled. The investigating office should notify the violator of assignment of negative scores through proper channels.

Note. 4-If the violator drives a while during the time his driving license is confiscated, he/she will be condemned based on fines for driving without license.

Note. 5-Cancellation of driving license or giving test for second time will be possible based on relevant regulations.

Note. 6-The executive bylaw of this article should be developed by Police force and approved by Minister of the Interior and Board of Ministers.

Negative Score for Driving Violations

Row	Driving Violation	Negative Personal Vehicles	Score Public and Heavy Vehicles
1	Dangerous show-off movements such as circling or riding on one wheel	8	10
2	Exceeding speed limit (more than 50km/h)	10	15
3	Unauthorized overtaking on two-way roads	5	10
4	Passing through red light	5	10
5	Spiral driving	3	5
6	Moving back in freeways and highways	5	7
7	Driving while drunk or taking psychotropic drugs or narcotics	10	20
8	Exceeding speed limit (more than 30 to 50 km/h)	5	10
9	Passing forbidden place	4	6
10	Driving to the left of the road	5	9
11	Passing the vehicle through pavements	5	7
12	Violation of priority pass	4	6
13	Turning around in a forbidden place	3	5
14	Use of cellphone or similar tools during driving with a higher speed than 60km	3	5
15	Effective technical defect or defective lighting system during night	3	6
16	Violation of traffic safety regulations with probably dangerous consequences	8	8
17	Driving public vehicles for more than permissible time	-	7
18	Dissatisfaction of terms in driving license such as using sunglasses, hearing air or special tools	3	7
19	Lack of attention to stop order, flags of traffic instructors or school police	3	5

to 500 thousand IRR. The exact amounts are suggested by Ministry of Interior, Justice Department and Ministry of Road and Urban Development⁸⁸ to be approved by Board of Ministers⁸⁹.

Note. The fine for row 7 violation of table included in article 7 will be determined based on paragraph B of article 10.⁹⁰

From Customs Law Passed in 2011-11-13

20	Lack of load carriage regulations	5	8
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Article. 10-As defined in article 2, police officers should act in the following manner in the case of observing violations.

A-If a vehicle has a significant technical defect and accident or risk is probable, the vehicles should be driven into repair store (*3).

B-If evidence points to drunkenness or drug abuse, officers should draw on article 2 of this law and use required tools to detect it. If confirmed, they should prevent the violator from driving, fine him/her for 2,000,000 Rial and confiscate driving license of the violator for 6 months. If necessary, they could refer the violator to proper judicial bodies (*2).

C-If driver starts driving without carrying or having a driving license, the vehicle should be stopped and driver should be referred to qualified judicial bodies.

D-If a driver violates two regulations addressed in paragraphs 1-5 and 10 of table included in article 7, the vehicle is stopped for maximum 72 hours. The executive bylaw for paragraphs A and B of the article should be developed by Ministry of Interior and Ministry of Justice to be approved by Board of Ministers.

*1; **Article. 5**-The violator pay the imposed fine to the account of general treasury in 60 days from date written on the ticket. A receipt should be taken. If the violator has any complaint, he/she should communicate reasons of objection and relevant evidence to Executive Branch of Vehicle Registration Office. The office should review the claim in 24 hours and if the offered reasons are invalid, the case will be closed. If complainant insists, the executive branch should forward the claim to relevant judicial unit. The unit will be composed of a judge, as assigned by head of Department of Justice, a traffic expert introduced by relevant Vehicle Registration Office. The unit is headed by the judge which issues his order after consultation with the other member of the unit. The decree is irrevocable. If violator does not issue an objection file or does not pay the fine within 20 days, he/she has to pay the double of the fine.

*1-Refer to executive bylaw in article 7 of Law of Driving Violations (passed in 2011-09-11) with further adjustment and associated bylaws printed by press of deputy department which is also available in www.dotic.ir.

⁸⁸Based on Law for Establishing Ministry of Road and Urban Development, the term "Department of Transportation" has been substituted by "Ministry of Road and Urban Development".

⁸⁹ -Refer to approval letter of traffic violation fines for all parts of the country and free trade-industrial zones (passed in 2011-09-25) which have been approved based on article 21 of Law of Driving Violations (passed in 2011-02-27).

⁹⁰ For a review of articles 7 and 10, refer to footnote no. 77.

Article. 1-Customs-related notions used in this law are premised on definitions offered by the Customs Cooperation Council for member countries unless alternative definitions are suggested in following paragraphs or other items of this law.

A-Product Notice: A written or oral statement based on which customs procedures for different products are determined and information required for enforcement of customs regulations are offered.

B: General Notice: A document based on which a transportation company announces the list of all products to be loaded or unloaded when they are imported or exported out of the company.

C: Customs Expanse: A part of the country where Customs Law is being enforced.

D: Importation Fees: Importation fee is about four percent of value of product at the customs site plus trading profit as determined by Board of Ministers. In addition, the fees that Customs Office should legally collect to approve final importation of products do not include costs of offering services.

E: Recipient Reference: A legal person who is legally authorized to maintain all products belonging to non-governmental bodies regarding which bureaucratic formalities have not been done. These products should be maintained in Customs. This does not cover Agency for Administration of Confiscated Assets.

Article. 18-Transportation companies should develop two general notifications when a vehicle enters customs. The notifications should have an annex of list of products and bill of landing. The documents should be delivered to customs and the body which receive the items. In the case vehicle is empty, a notice declaring emptiness of loading section of the vehicle should be delivered. The general notice should be in Persian and consistent with a sample that Customs of Iran has developed based on instructions of recipient entities. The notice should be devoid of modifications, corrections and rewriting.

Note. 1-The responsibility of transportation companies, during filling in and delivering general notice, is limited to content of packed cargoes which have been detailed in the notice. The seals on loaded cargoes, installed by product forwarder, are regarded as the untouched pack.

Note. 2-The regulations of this article do not include products imported from free trade-industrial zones and special economic zone into customs site.

Article. 24-

Note. 4-Determining a deadline for stopping items within free zones and special economic zones should be done based on regulations of organizations in charge. The items notified after

expiration of the deadline, as determined by relevant entities, are covered by regulations of abandoned goods.

Article. 66-The importation fee charged for imported products which are consequently exported and materials, good and packing equipment manufactured abroad should be returned to consumer in due time and based on executive bylaws and regulations.

Note. 1-If products imported to free zones and special economic zones are exported consequently, they shall be covered by regulations of abandonment.

Note. 2-The importation fee for catalysts (which facilitate chemical reactions) will not be covered by refunding arrangements. However, relevant equipment, lubricators and similar items which contribute to manufacturing of exported items will not covered by refunding arrangements.

Note. 3-Return could be requested by other persons than importers of intended items.

Note. 4-Deadline for applying for return of fees and tariffs of importation of materials used in items to be exported starts in 3 years from data of issuing license by customs. The date of issuing the license or receipt by customs or date of delivering request for return of items to Customs Office is not considered in the deadline.

Article. 67- In order to facilitate identification and matching of imported items and materials to be used in to-be-exported items, the exporter should concurrently offer an exportation notice and deliver an application for return in which number of importation license is included. Customs Office should evaluated the export items completely and include the results in exportation notice.

Note. The documents demanded by Customs Office for executing the steps of returning importation fee are pointed out by executive bylaw of the present law.

Article. 68-Return of charged fees will be done based on reported-at-customs values and expenses charged for importation of items by entities other than Customs Office. The office should notify the relevant entities of refunding of charged fees. Customs Office and other charging bodies should make some financial arrangements in their annual budget for returning charged fees and expenses.

Article. 69-If domestically manufactured products are sold to parties who have tax exemption for importation of similar items, the values paid for importation of products, items, parts and constituents should be returned based on relevant regulations.

Article. 70-In such situations, the term “traveler” points to a person who enters or exists customs area through offering passport, travelling pass or similar documents. The following persons will not be considered as traveler.

A- A person not residing in Iran who enters or exists Customs temporarily.

B- Iranian residents who exists customs limits of country (outgoing traveler) or enters them (ingoing traveler).

Note. 1-Outgoing travelers (travelling into special economic zones) are not covered by regulations of this article and they have to announce their accompanying products to Customs Office.

Note. 2-Conditions and formalities of notification, evaluation and exemption of personal items that traveler has with him/her and travelers' related affairs are determined in this executive bylaw.

Article. 99-Cabotage is a process in which domestically made products are transferred from a customs on the border to a similar customs through sea or on-border rivers. The items which are transported from one part to another part of customs area through land roads, by crossing a foreign country, will be covered by cabotage if used in free zone. The same is the case for products that enter free zones through sea or border rivers. In the case cabotaged products are carried by domestic vehicles, the vehicles will be regarded as cabotaged items.

Note-Formalities of notification and relevant documents as well as level of guarantee should be determined based on regulations included in executive bylaw.

Article. 100-A product which could be exported and its exportation does not require payment of any fee could be transported as cabotaged items after conducting relevant formalities and regulations. Customs Office of Iran could agree with cabotage of forbidden products for exportation or products that could be conditionally exported if sufficient guarantee is offered by relevant person.

Article. 101-Whenever validity of cabotage license is expired before a product arrives at customs and if Customs Office does not issue a license for importation of products in 3 months after expiration of cabotage license, the product will be considered as un-arrived item and following arrangement will be made:

Note. 1-In cases of offering documents and evidence supported by Customs Office and a cabotage item is allegedly destroyed during transportation due to force majeure reasons, Customs will regard it as delivered-to-destination item, make received guarantees void and refrain from review of the subject.

Article. 117-Confirmatory documents in Customs which could be used for recognizing items as smuggled items are:

A-Traveler's card issued by free trade-industrial zones.

Article. 119-In addition to above-mentioned exemption mentioned in table of customs tariffs annexed to executive bylaw of Law of Importation and Exportation and other exemptions defined by regulations and rules passed by Islamic Consultative Assembly, the following items are exempt from paying importation fees:

F-Home applications and devices of Iranians living abroad for 1 year or more as well as applications and devices owned by foreigners who have license for residence in Iran if

1-The above-mentioned tools and objects enter 1 month before or 9 months after the date a person enters customs. The force majeure cases will be exempted after recognition of Customs Office of Iran.

2-The relevant tools and applications align with social position of travelers and lack any financial aspect.

3-The applicants have not used such exemption for past 5 years.

Note. 1-Governmental officers are not covered by this article if they are sent for mission for 1 year or more and be summoned back within a year and before end of their missions. The same applies for those Iranians that are extradited by Ministry of Foreign affairs from the country.

Note. 2-The term “home applications” refers to objects that are commonly used by their owners during their residence in a location.

Note. 3-Individuals entering mainland from free zones are covered by this article if relevant regulations are satisfied.

Article. 158-With exception of items explicitly mentioned in this law, procedures for exporting and importing items, delivery of items, maintenance, and limitations will be arranged for based on relevant regulations.

From Law of Authorities and Duties of Ministry of Oil

Passed in 2013-03-09

Article. 1-In order to realize general policies of Islamic Republic of Iran, Ministry of Oil was established for policy-making, directing, planning and surveillance of all upstream and downstream operations of oil, gas, petrochemical and refining industries. As a representative of Islamic Republic of Iran, it imposes rights of sovereignty and public ownership on oil and gas resources.

Article. 3-The authorities and tasks of Ministry of Oil are as defined in the following:

C-Executive Affairs

.....

6-Identification, preparation and proposal of proper locations for development of free and special economic zones to act in oil, gas, petrochemical and refining industries based on land preparation programs and application of policies for development and surveillance of development process in such zones.

From Law of Exploitation of Maximum Manufacturing and Serving Capacities for Satisfaction of National Requirements and Reinforcing them In Exportation Field and Adjustment of Article 104 of Direct Tax Law

Passed in 2012-07-26

Article. 1-The terms and expressions in this law will be applied on the following exemptions:

8-Domestic Product: The term refers to products, equipment and services (i.e. hardware, software and technology) under a definite brand which is outcome of Iranian experts' design, reverser engineering or technical and technological knowledge transfer.

.....

11-Product: Any half-manufactured or fully manufactured items that are used in development and completion of project.

Article. 19-The state is obliged to make the following arrangements:

- 1- design and establish an insurance system for supporting domestic manufacturers and service providers so as to guide the market towards supporting domestic production and service providing sectors along with encouragement of exportation.
- 2- Set incentives for exportation of products and services in a way that leads to increased exportation-oriented production. The priority of enjoying these incentives is granted upon top producers and service providers in mainland or free zones as recognized by Ministry of Industry, Mine and Trade.

From Budget Law of Iran⁹¹ (2016)

Passed in 2015-03-15

Note. 9-....

J- Management and Planning Organization of Iran is obliged to impose surveillance over 2015 budget⁹² for free zones and special economic zones and include the budget of this zones for 2016 in annex non. 3 of 2016 budget of Iran.

Note. 16-...

A-In order to enforce paragraph “z” in article 112 of Fifth Development Plan of Islamic Republic of Iran ⁹³, Free Trade-Industrial Zones Organization is obliged to pay the value determined for this paragraph to a distinctive account in National Treasury of Iran. The treasury is obliged to pay a equal funds (not exceeding 30,000,000,000 Rial) to branches of Imam Khomeini Relief Committee and Welfare Organization of Iran that are located in the zones.

⁹¹ The law was published in Rosi Newspaper (no. 20403) printed in 2015-03-19 (included in special notice no. 764 of laws and regulations).

⁹² Refer to Approval letter for 2015 budget of Free Trade-Industrial Zones organizations such as Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku (passed in 2015-03-18) approved by Supreme Council of Free Trade-Industrial Zones and Special Economic Zone included in this collection.

⁹³ Refer to the law (passed in 2011-01-05) which is included in this collection.

International Conventions and Agreements ⁹⁴



From Law of Residential and Maritime Contract

Between Iran and France

Passed in 1966-05-08

Article. 13-The most favorable treatments that respective parties of present contract will present toward each other will not include the following:

⁹⁴- In this section, the relevant items are solely collected and determination of status of credit and executing relevant affairs will be done by qualified entities. For reading the while text of convention and agreements which have been mentioned in part, please refer to five-volume collection of international convention which is available online in National System of Laws and Regulations of Islamic Republic of Iran (www.dotic.ir).

- A- Privileges of customs or monetary unity resulting from regional agreements signed or to be signed by one party of the contract.
- B- Privileges and exclusive rights that a party of present contract awards to other countries due to special relations with them. The distinctive associations might be due to membership in a treaty engaged with manufacturing and business activities or security affairs.

From Law of Iran's Accession to Single Convention on Narcotic Drugs of 1961 Passed in 1972-07-09

Article. 31-Special Regulations of International Business

1-The parties of this convention will not intentionally allow exportation of product to a country or a land unless:

- A- it is permitted by national regulations of that country or land
- B- it is within estimations of the country or land (as defined in paragraph 2 of article 19) so that some of it should be exported against.

2-The parties of this convention will impose similar surveillance and controlling mechanisms on free zones and regions as other parties of their country. Meanwhile, they could opt for stronger surveillance.

3-A-The parties of this convention could monitor importation and exportation of drugs through issuing licenses unless these activities are done by governmental bodies.

B-The parties of this convention will impose sufficient control over individuals and firms that issue licenses.

4-A-Each party of this convention which permits importation or licenses importation of a certain drug should make arrangements for distinctive issuance of license for each importation or exportation event no matter one or more drugs are concerned.

B-The license should include name of drug and any general and internationally used name, amount of exportation or importation, name(s) and address(s) of importer(s) and exporter(s) and period during which importation or exportation should be done.

C-In addition to number and date of issuing importation license (paragraph 5), the issuing official should be named.

D-In importation license, times of reception might be permitted.

5-Before issuing exportation licenses, parties of this convention should apply for an importation license which should be issued by qualified officials of importing country or land. The license should address importation of drug(s) explicitly. The parties of this convention should use the approved form of license as approved by relevant committee of this convention.

6-A copy of license should accompany each cargo. The issuing state should forward a copy of the license for importing country or land.

7-A-On importation or when deadline for importation expired, the importing country or land should return the license and its endorsement letter for government of an exporting country or land.

B-Above-mentioned endorsement letter should report excess amount of importation.

C-If real amount of exportation is less than the value mentioned in the license, qualified authorities should include the real amount of export in license and all of its copies.

8-Exportation of cargo to address of a bank or to address of a person not named in the license or a post box will be forbidden.

9-Exportation of cargoes to a customs warehouse will be forbidden unless exporting state notifies in the license of applicant (person or entity) that transfer of cargo to a customs warehouse has been pre-approved. In fact, the license should admit that the cargo should be managed as detailed. Each time of retrieval from customs warehouse should be done by approval letter of warehouse officials. In the case of being exported abroad, the event will be regarded as a new event of importation or exportation.

10-The addictive drugs cargoes that lack a license for exportation by a member of current convention should be confiscated by qualified authorities.

11-A party of this convention will not permit transit of addictive drugs from its land to another country if it is unloaded from the vehicle that carries it or if it lacks accompanying license. This could be addressed by issuing a copy of license for the cargo to qualified authorities of the country.

12-The qualified authorities of the country or a land through which transit of a drug cargo is permitted, all measures required for prevention from transit of cargo to another destination will be conducted. The exception is the case in which government of a country or land where transit is being done permits such an event.

The country or land where transit is being done will act in similar manner of deviation from license for exportation in regard to country of destination. If deviation is permitted, regulations of parts A and B in article 7 will be applied.

13-No cargo of addictive drugs being transited or maintained in a customs warehouse cannot be exposed to measures which change their nature. The package of cargo items could not be modified without permission of qualified authorities.

14-Regulations included in articles 11 to 14 of addictive drugs transit will not be enforced if areal transit of cargo across a party of current convention is expected to be done. This is conditional upon an airplane's not landing on a country or land of transit. If airplane lands, the above-mentioned regulations should be enforced as soon as possible.

15-Regulations included in this article will not be disruptive to those regulations included in other international agreements regarding limitation of surveillance, by a party of current convention, on transit of drugs.

16-Enforcement of none of the regulations is essential except for articles 1 and 2.

From Law of Iran's Accession to the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances

Passed in 1991-11-24

Article. 18-Free trade zones and free ports should

1-make arrangements of similar intensity in onshore ports, trade free zones and free ports so as to eliminate the phenomenon of smuggling drug materials, and psychotropic drugs as well as items included in tables 1 and 2.

2-Members should try to

A-monitor and control transit of goods and persons in free trade zones and free port. To do this, the qualified authorities are permitted to search incoming and out-coming cargoes and ships such as entertainment and fishing ships as well as airplanes and vehicles, personnel, travelers and cargoes.

B-Establish a system for discovering suspicious cargoes being imported in free trade zones and detecting drugs, psychotropic drugs and items included in tables 1 and 2.

C-Establish monitoring systems in ports, wharves, airports and border police stations of free trade zones and free ports.

From Law on Business Agreement between Islamic Republic of Iran and Czech Republic

Passed in 1995-09-06

Article. 2-Desirability of customs fees and other expenses charged by parties of the convention in regard to exportation and importation of items should not exceed the desirability awarded to any other country.

Above-mentioned regulations will not include the following:

A-Privileges, rights and exemptions that a party of current convention awards to some of neighboring countries for facilitation of traffic at the moment or in future.

B- Privileges, rights and exemptions that a party of current convention awards or receives through participation in free trade zones and customs unions at the moment or in future.⁹⁵

⁹⁵ There are other agreements, as detailed below, which will not be included here due to similarity of content with above agreement.

1-Law on Treaty of Commerce and Navigation between the Iranian Government and the Government of India (passed in 1956-02-12)

2-Law on Agreement on Commercial and Economic Cooperation between Iranian Government and Government of Spain (passed in 1974-03-05)

3- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Malaysia (passed in 1989-03-19).

4- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Vietnam (passed in 1995-10-04).

5- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Slovak Republic (passed in 1996-10-02).

6- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Philippine (passed in 1996-11-03).

7- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Armenia (passed in 1996-11-10).

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- 8- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Belarus (passed in 2000-05-14).
 - 9- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Turkey (passed in 2001-02-21).
 - 10- Commercial Agreement between the Government of Islamic Republic of Iran and Government of South Africa (passed in 2001-06-12).
 - 11- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Syria (passed in 2001-11-28).
 - 12- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Nigeria (passed in 2001-12-31).
 - 13- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Bulgarian Republic (passed in 2002-03-05).
 - 14- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Ukraine (passed in 2002-04-28).
 - 15- Commercial Agreement between the Government of Islamic Republic of Iran and Government of Oman (passed in 2004-01-13).
 - 16- Law on Long-term Economic and Trade Cooperation Agreement between Islamic Republic of Iran and Republic of Kazakhstan (passed in 2004-01-13).
 - 17- Law on Long-term Economic and Trade Cooperation Agreement between Islamic Republic of Iran and Royalist Government of Bahrain (passed in 2004-01-13)
 - 18- Law on Long-term Economic and Trade Cooperation Agreement between Islamic Republic of Iran and Government of People's Democratic Republic of Algeria (passed in 2004-11-01).
 - 19- Law on Long-term Economic and Trade Cooperation Agreement between Islamic Republic of Iran and Government of Council of Ministers of Serbia and Montenegro (passed in 2004-12-01).
 - 20- Law on Long-term Economic and Trade Cooperation Agreement between Islamic Republic of Iran and Government of Ghana Republic (passed in 2005-05-17).
 - 21- Law on Long-term Economic and Trade Cooperation Agreement between Islamic Republic of Iran and Government of Bolivarian Republic of Venezuela (passed in 2006-01-29).
 - 22- Law on Complementary Economic Agreement between Government of the Islamic Republic of Iran and Government of Bolivarian Republic of Venezuela (passed in 2006-04-04)
 - 23- Law on Complementary Economic Agreement between Government of the Islamic Republic of Iran and Government of Georgia (2006-11-21).
 - 24- Law on Commercial Agreement between Government of the Islamic Republic of Iran and Government of Republic of Azerbaijan (passed in 2006-11-28).
 - 25- Law on Commercial Agreement between Government of the Islamic Republic of Iran and Government of Swiss Confederation (passed in 2007-07-25)
 - 26- Law on Commercial Agreement between Government of the Islamic Republic of Iran and Government of Federal Democratic Republic of Ethiopia (passed in 2007-07-29).
 - 27- Law on Commercial Agreement between Government of the Islamic Republic of Iran and Government of Federal Democratic Republic of Korea (passed in 2007-09-05).
 - 28- Law on Commercial Agreement between Government of the Islamic Republic of Iran and Government of Republic of Cuba (passed in 2008-05-18)
 - 29- Law on Commercial Agreement between Government of the Islamic Republic of Iran and Government of Republic of Ecuador (passed in 2012-04-09)

From Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Armenia⁹⁶

⁹⁶ Other similar agreements, as detailed in the following, are enlisted in the following.

- 1- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Islamic Republic of Pakistan (passed in 1997-04-08)
- 2- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Kazakhstan (passed in 1997-10-22)
- 3- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Bosnia and Herzegovina (passed in 2000-04-05).
- 4- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Lebanon (passed in 2000-04-05).
- 5- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Yemen Republic (passed in 2000-05-14)
- 6- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Belarus (passed in 2000-05-16)
- 7- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and South of Africa (passed in 2000-07-16)
- 8- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and
- 9- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and
- 10- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Swiss Confederation (passed in 2001-04-11)
- 11- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Kingdom of Morocco (passed in 2001-12-25)
- 12- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Turkey (passed in 2001-12-25)
- 13- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Macedonia (passed in 2001-12-31)
- 14- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Sultanate of Oman (passed in 2002-05-08)
- 15- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Syria (passed in 2003-01-12)
- 16- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Italy (passed in 2003-05-13)
- 17- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Ukraine (passed in 2003-05-13)
- 18- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Bulgaria (passed in 2003-05-13)
- 19- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Georgia (passed in 2003-05-13)
- 20- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Tunisia (passed in 2003-05-13)

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- 21- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Kyrgyzstan (passed in 2003-05-13)
 - 22- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Uzbekistan (passed in 2003-05-13)
 - 23- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Tajikistan (passed in 2003-05-13)
 - 24- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Croatia (passed in 2003-05-13)
 - 25- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Korea (passed in 2003-10-05)
 - 26- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of France (passed in 2003-10-07)
 - 27- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Kingdom of Bahrain (passed in 2004-01-13)
 - 28- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Kingdom of Spain (passed in 2004-01-13)
 - 29- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Turkmenistan (passed in 2004-01-13).
 - 30- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Finland (passed in 2004-01-13)
 - 31- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Austrasia (passed in 2004-01-13)
 - 32- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Romania (passed in 2004-01-13)
 - 33- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and German Federal Government (passed in 2004-01-13)
 - 34- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and People's Democratic Republic of Algeria (passed in 2004-10-26)
 - 35- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of China (passed in 2004-11-01).
 - 36- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Bolivarian Republic of Venezuela (passed in 2006-01-29).
 - 37- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Malaysia (passed in 2006-04-05)
 - 38- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Serbia and Montenegro (passed in 2006-04-09)
 - 39- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Federal Democratic Republic of Ethiopia (passed in 2006-04-09)
 - 40- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Indonesia (passed in 2007-07-25)
 - 41- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Kingdom of Sweden (passed in 2007-08-07)
 - 42- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Islamic Republic of Afghanistan (passed in 2007-08-19).
 - 43- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Zimbabwe (passed in 2007-08-27)

Passed in 1996-11-05

Article. 4-Support of Investors

1-The investments of investors belonging to one party of present convention which are done based on dominant regulations are supported in legal and equal manner as investors belonging to a third country.

2-If a party of present convention intends to establish a trade free zone, customs union, or common market based on an agreement with a third party or award certain privileges to investors belonging to a third party, the party will have no obligation to grant similar privileges to other party of a convention.

From Law of Commercial Partnership Agreement between the Islamic Republic of Iran and Republic of Bosnia and Herzegovina

Passed in 1997-06-08

Article. 13-Development and diversification of business relations of two parties will be promoted so as to enhance business relations between real and legal persons, encourage adaptation of international business methods and establishing business cooperation, joint investment and long-term business cooperation.

44- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Libya (passed in passed in 2007-08-27)

45- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Kuwait (passed in in 2007-08-27)

46- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Greece '(passed in 2007-08-27)

47- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Democratic Socialist Republic of Sri Lanka with Amendment Protocol (passed in 2008-05-18)

48- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Cyprus (passed in 2009-11-17)

49- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Socialist Republic of Vietnam (passed in 2011-01-05)

50- Law of Agreement on Encouragement and Mutual Support of Investments between Islamic Republic of Iran and Republic of Ghana (passed in 2012-04-03)

The two parties of cooperation initiative will provide conditions for sharing techniques and technical knowledge, using existing free trade zones and starting joint cooperation in third markets.⁹⁷

From Law of Agreement on Long-term Cooperation in Economic, Trade, Scientific, Technical and Cultural ties between Islamic Republic of Iran and Turkmenistan

Passed in 2003-05-13

2-Main Areas of Cooperation

Economic-Trade

Expressing satisfaction with existing economic and trade cooperation and emphasizing the fact that promoting cooperation in these areas could contribute to mutual development, the parties of this agreement concurred on conducting the following arrangements:

....

4-Both parties expressed their inclination for active engagement in free trade-industrial zones of the other party.

5-The Iranian party agreed to make necessary arrangements for Turkmenistan to use potentials and equipment of free trade-industrial zones and special economic zones of Islamic Republic of Iran by establishing branches and representatives of Turkmen economic organizations in those zones, cooperation in establishing transportation companies, permanent shows and founding independent companies and joint investment initiatives to conduct manufacturing, trade and service-based activities in these zones.

From ECO Trade Agreement Act

Passed in 2007-08-07

⁹⁷ -The Law on Trade and Economic Cooperation Agreement between the Government of Islamic Republic of Iran and Government of Macedonia (passed in 2004-01-13) has similarity of content with above agreement. Consequently, it is not included here.

Article. 23-Business relations as addressed in regulations of current agreement and other agreements

1-The present agreement will not inhibit from maintaining or establishing customs unions, free trade zones or making arrangements for cross-border exchanges as long as they do not adversely affect ECO Business System, especially regulations and rules of origin envisaged in the agreement.

From Agreement on Avoidance of Double Taxation on Income And Capital between Islamic Republic of Iran and Kuwait Passed in 2008-07-27

Article. 25-Nondiscrimination

1-Real persons who are citizens of either country will not undergo heavier taxation or regulations than citizens of the hosting state. This article also applies those persons who are nor resident in one or both countries.

2-The tax charged from a permanent HQ of an entity by a party of this government should not exceed the taxed charged from other entities which are located in third country which conducts similar activities. The dominant regulations will not be amended in a way that either party awards similar domestic privileges, forgiveness or tax cuts to persons resident in other states.

3-The entities belonging to a state engaged in this agreement the capital of which is directly or indirectly owned by one or multiple states that are parties to this agreement will be exempt from taxation. In addition, they are not obliged to comply with regulations that similar companies owned directly or indirectly by third parties should comply.

4-None of the regulations included in this article could be adjusted in a way that a party of this contract (i.e. a state) becomes legally obliged. The privileges of certain tax treatment, regional or sub-regional arrangements for a third party or its residents are due to establishing customs union, economic union, trade free zone or regional and/or sub-regional arrangements that are completely or basically association with taxation of capital transfer. The complying member states might award such privileges to residents of other states.

From Preferential Trade Agreement between Islamic Republic of Iran and Bosnia and Herzegovina

Passed in 2009-09-06

Article. 35-Free Zones

1-Contracting parties will make all required arrangements to make sure that products exchanged through certificate of origin and go across one of their free zones will not be substituted by other goods and no abnormal transit leading to their loss will be done.

2-As an exception to regulations included in article 1, whenever products of origin that are covered by certificate of origin enter a zone and undergo processing the qualified authorities should issue a new license of origin after receiving exporter's request. This is conditional upon satisfaction of regulations included in the annex during processing.

From Free Trade Agreement between Islamic Republic of Iran and the Arabic Republic of Syria

Passed in 2011-12-13

Article. 13-Exceptions

The products made in free zones of either contracting party will be exempt from preferential behavior as intended in free trade agreement between Islamic Republic of Iran and Arabic Republic of Syria.

Regulations, Bylaws, Rules and Instructions



Executive Bylaw for Charging Tariffs in Free Trade-Industrial Zones

of Islamic Republic of Iran⁹⁸

Passed by Board of Ministers in 1994-01-17 with Further Amendment

Article. 1 (Amended in 1996-12-14)-In relevant bylaws, the following terms are used of their fully detailed ones.

Country: Islamic Republic of Iran

Zone: Free Trade-Industrial Zones of Islamic Republic of Iran

Authority: Authorized Administrative Organization Free Trade-Industrial Zones

Article. 2-The following tariffs should be charged by Authority from residents:

A-Tariff for Numbering: This refers to fees that Authority charges for admitting and numbering vehicles into the zone. The actual amounts are defined based on the type of vehicle.

B-Annual Fees: This refers to fees that Authority charges for owners of vehicles. The actual amounts are defined based on the type of vehicle.

C-Traffic Tariff: This refers to the fees that Authority charges of vehicle drivers that drive into the zone with national plate or plates of other regions. The tariffs could be charged per traffic level or by issuing a card for a certain amount of money.

D-Exit Tariff: This refers to fees that Authority charges for those travelers who intend to go abroad through the zone.

E- (Amended in 1998-01-14)⁹⁹

Entry Tariff: This refers to fees that an organization charges from those who intend to enter the organization.

⁹⁸ -The related bylaw no. K254T/16449 passed in 1994-04-30 was announced.

⁹⁹ -The paragraph E was amended based on approval letter passed in 1998-01-14. The previous paragraph E was turned into paragraph F and titles of consequent paragraphs were changed too.

Note. Based on approval of involved parties, the approval letter passed by Board of Ministers passed in 2003-07-30.¹⁰⁰

F-Road Tolls: This refer to fees that an organization charges from owners of vehicles or transportation vehicles for using road terminals in the zone.

G: Port Tariffs: The fees that an organization charges for offering port-related facilities for maritime transportation.

H-Airport Tariffs: The fees that an organization charges of product owners or transportation associations in exchange for airport facilities, aerial transportation and transit by airplanes.

I-Activity Tariff: The fees that an organization charges for issuing and extending license for involvement of real and legal parties in the zone.

H (Amended in 1995-07-31):

Tariff for Items: This refers to fees that an organization charges for importation of products from abroad into the zone and/or transportation of products from the zone to other parts of the country.

I (Amended in 2014-03-11)

Fees for Urban Services: This refers to fees that an organization charges for offering urban services from owners or exploiters of lands and facilities in the zone.

J (Amended in 1996-12-14): Legal and real persons such as travelers, tourists, and residents (temporary or permanent) are exempted from paying typical domestic tariffs except for those tariffs and fees that free zones impose.

Article. 3-The fees pointed out in article 2 of present bylaw should be deposited to income account of the zone.

Article. 4-The fees addressed in article 2 of present bylaw will be determined by Board of Managers of each zone. Based on paragraph 2 in approval letter no. H30T/16632 passed in 1994-05-03, the values of fees should be determined by the Supreme Council of Free Trade-Industrial Zones¹⁰¹.

¹⁰⁰ The previous note was as defined in the following.

Note (1998-04-27): The exceptions to this paragraph should be determined by authority of each zone.

¹⁰¹ Instructions and executive method for Bylaw on Charging Fees in Free Trade-Industrial Zones were passed in 1994-10-01.

Executive Bylaw of Issuing Visas to Foreign Nationals in Free Trade-Industrial Zones of Islamic Republic of Iran¹⁰²

Passed by Board of Ministers in 1994-01-17 (With Further Amendments)

Article. 1-In this bylaw, the following abbreviated terms are used:

Country: Islamic Republic of Iran

Zone: Free Trade-Industrial Zones of Islamic Republic of Iran

Authority: Authorized Administrative Organization for Free Trade-Industrial Zones

Article. 2-Foreign nationals do not need visa for entering free zones indirectly and through authorized terminals of free zones.

Note. 1 (Amended in 1995-04-24)-The residence license of persons addressed in this article should be stamped and approved by police force representatives in entry points of free zones. Residence license will be valid for two weeks and it could be extended based up to 6 months if Authority demands.

Note. 2 (Amended in 2003-04-30): For residence up to 1 year, the regulations for recruitment of human resources, insurance and social security for Free Trade-Industrial Zones of Islamic Republic of Iran No. K 25T/33433 passed in 1994-06-06¹⁰³. In the case of living for more than 2 year, the foreign investors living in the zone will receive residence license for two or five years depending on written decision and notification of Representative Bureau of Police Force for Foreign Nationals Affairs¹⁰⁴.¹⁰⁵

Note. 3-Issuing license for residence in the zones is forbidden for blacklisted individuals.

Article. 3 (Amended in 2003-04-30): Foreign nationals could enter or exit free zones from direct entry points of the zone as well as other points of entry into the country. In latter cases,

¹⁰² The relevant bylaw no. KT/16447 was issued in 1994-04-30.

¹⁰³ The relevant approval letter is concerning regulations for recruitment of human resources, insurance and social security in Free Trade-Industrial Zones passed in 1994-05-09.

¹⁰⁴ Note. 2 (Amended in 1995-04-24)-Fore longer residence (i.e. more than 6 months) the regulations included in Executive Bylaw for Recruitment of Human Resources, Insurance and Social Security in Free Trade-Industrial Zones of Islamic Republic of Iran should be proceeded.

¹⁰⁵ Refer to paragraph 18.2 of 2015 Budget for Free Trade-Industrial Zones of Kish, Qeshm, Chabahar, Anzali and Maku passed in 2014-03-11 under the title "Foreign Nationals".

representatives of Islamic Republic of Iran located abroad or representatives of police force in points of entry into the country should be applied to. Official representatives of Islamic Republic of Iran located abroad or representatives of police force in points of entry into the country should issue visa for reentry of applicants which will be valid for another 40 days. In such cases, it is not necessary to ask for verification of other governmental bodies.

Entry of foreign nationals into free zones through above-mentioned procedures will be regarded as existing the country. After entry into free zones, they could apply for and receive residence license based on article 2 of this bylaw and its notes.¹⁰⁶

Article. 4 (Amended in 1995-04-24): After entry to the zones, foreign nationals should apply to representative branches of Ministry of Foreign Affairs in the zones to be consequently permitted into other parts of the country.

Note. 1 (Amended in 1995-04-24): Representative branches of Ministries of Foreign Affairs should review the relevant application within 48 hours based on existing regulations for issuing visa.

Note. 2 (Amended in 1995-04-24): In the case that a representative of Ministry of Foreign Affairs is not located in the one, issuance of visa should be done based on note. 2 in article 4 of Regulations for Entry and Residence of Foreign Nationals in Free Trade-Industrial Zones of Islamic Republic of Iran.¹⁰⁷

Article. 5-Authorized resident foreign nationals do not require additional visa for travelling in the zones. They could travel to the zones by satisfaction of domestic regulations of Iran.

Bylaw for Exploitation of Lands and Natural Resources in Free Trade-Industrial Zones of Islamic Republic of Iran ¹⁰⁸ ¹⁰⁹

¹⁰⁶ Previously valid article. 3 is as described in the following:

Article. 3 (passed in 1995-04-24): Foreign nationals should receive visa from authorized representatives of Islamic Republic of Iran to enter the zones that lack direct points of entry (aerial, maritime and ground). The representatives of Islamic Republic of Iran located abroad should issue visa based on trafficking regulations and tickets of the application without requesting for verification of relevant entities. The permission will be valid for next 3 days.

¹⁰⁷ Refer to Regulations of Entry and Residence of Foreign Nationals in Free Trade-Industrial Zones passed in 1994-10-01.

¹⁰⁸ -The relevant bylaw (no. K253T/164480) was passed in 1994-04-30.

**Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones in
1994-03-14 with Further Amendments**

Chapter. 1-Definitions

Article. 1-In this bylaw, the following abbreviated terms are being used instead of main terms.

Country: Islamic Republic of Iran

Zone: Free Trade-Industrial Zones of Islamic Republic of Iran

Authority: Authorized Administrative Organization for Free Trade-Industrial Zones

Bylaw: Bylaw on Exploitation of Land and Natural Resources of Free Trade-Industrial Zones of Islamic Republic of Iran.

Chapter. 2-Ownership

Article. 2-All lands within each zone that are owned or administered by the state will not be covered by present bylaw.

Note. Lands and facilities of Kish Development Organization will be transferred to Kish Free Zone Authority and will not be covered by this bylaw.

Article. 3-After public registration and based on contracts signed with Authority, the persons who attempted to build residents or facilities before enforcement date of this bylaw are prioritized over others in terms of purchasing or leasing the same facilities.

Article. 4-Occupation of state-owned lands will be regarded as violation of governmental ownership and Authority could represent the state and file a lawsuit in court or use police forces to address the issue.

Article.5-All rights associated with lands included in Law of Urban Lands and Law on Nationalization of Iranian Forests and Pastures and Law on Protection and Exploitation of Forests and Pastures of Iran and Law on Built and Coastal Lands will be enforced by Authority if such lands are within limits of the zone.¹¹⁰

¹⁰⁹ Refer to paragraph 8.2 in approval letter of 2015 Budget of Free Trade-Industrial Zones of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku passed in 2014-03-11 with further amendment. It is titled "Coordinated Offer of Lands" included in this set.

¹¹⁰ Refer to Law of Urban Lands published by deputy department, Law on Nationalization of Forests passed in 1963-01-17 and Law on Protection and Exploitation of Forests and Pastures passed in 1967-08-16, and Law on Built

Article. 6-In regard to all lands addressed in article 5 of present bylaw, Real Estate Registration Office should register state-owned and lands belonging to Free Zones Organization and issue ownership papers for them or modify existing ownership documents accordingly.

Article. 7-Since approval data of this bylaw, all liabilities, rights and obligations of National Land Organization, Forests and Pastures Organization as well as units addressed in this bylaw should be explicitly discussed. Authority should administer the affairs of lands and natural resources.

Article. 8-Any use of lands is permissible based on approved comprehensive plan and internal bylaws of the organization.

Article. 9 (Amended in 2014-03-11)-Final sale and transfer of lands to foreign nationals are forbidden. In cases in which foreign investment results in establishment of an Iranian company, ownership of land could be awarded to relevant company with proper investment plan.

Article. 10-Whenever National Lands and Housing Organization has an already finalized contract with certain persons which is concerned with developing housing facilities, Authority is authorized to follow contractual terms and award the same non-residential land to applicant. The pre-payments of applicant to National Land and Housing Organization should be respected by Authority and the remaining price of the land should be paid to Authority.

Chapter. 3-Other Regulations

Article. 11-Price of selling each square meter of land should be determined by Authority based on location and application of land. The final price should include preparation expenses such as leveling, excavation, construction of roads and drainage that will be done by Authority itself.

Article. 12-The land sale or leasing contracts could be transferred to a third party after receiving admission from Authority. Compulsory transfers are exceptions to this rule.

Note. Transfer of contract for assignment of residential lands could be done after construction of the building and issuing official document.

Article. 13-In contracts for transferring land, the time required for construction and exploitation of the building should be determined. In the case of exceeding the contractual deadline, Authority could cancel the contract.

Article. 14-¹¹¹The contracts signed between organization and applicants are regarded as official document. All banks are obliged to consider the contracts as official documents and offer relevant financial rights and credits.

Article. 15-All authorities assigned to relevant ministries regarding occupation, development and destruction of state-owned, national and coastal laws based on Law of Protection and Exploitation of National Forests and Pastures (passed in 1970¹¹²) with further amendments and Law on Build and Coastal Lands passed in 1976¹¹³ as well as authorizes included in articles 11 to 15 of Law on Protection and Development of Environment (passed in 1975) that are awarded to Environmental Protection Organization¹¹⁴ as well as distinctive authorities attributed to other governmental entities will be transferred to Authority within the limits of free zone.

¹¹¹ Decree no B/H837 passed in 1995-01-08 by Head of Islamic Consultative Assembly: Based on article 1287 of Civil Law, official documents are the ones developed by Real-Estate Registration Office, notaries or other officials that have relevant authorities. Therefore, article 14 of bylaw as included in approval letter no. K1253T/16448 passed in 1994-04-30 which recognizes contracts between Authority and applicants as official document is against the law.

¹¹² For reading Amendment to Law on Protection and Exploitation of Forests and Pastures (passed in 1969-04-09), refer to National System of Regulations of Islamic Republic of Iran (www.dotic.ir)

¹¹³ Refer to Law on Build and Coastal Lands (passed in 1975-07-20) available in National System of Regulations of Islamic Republic of Iran (www.dotic.ir).

¹¹⁴ From Law on Protection and Development of Environment passed in 1974-06-18:

Article. 11-Based on regulations in relevant bylaws such as article 10 (*1), the Authority should determine those factories which pollute the environment more than permitted level and issue warning notice to their owners and administrators. The persons-in-charge should address sources of contamination or be put out of business. If persons in charge do not address the issue before the deadline, Authority could prevent from their operation. In the case that beneficiaries complain against warning or decree of organization, they could file a lawsuit to courts with the town. The courts should review the case immediately and if it regard the objection as rational the court should announce the decree as void. The court decree is absolute.

Note: Head of Authority could immediately halt the operation of a business if natural resources are exposed to immediate threats. In this case, pre-warning is not necessary.

Article. 12-Owners or administrators of plants and workshops addressed in article 11 are obliged to stop or suspend their operation at the moment of receiving notification of Authority. Resumption of operation is conditional on permission of organization or decree of authorized court of justice. If violation is proved, the violator will be subject to misdemeanor imprisonment from 61 days to 1 year (*2) and paying cash fine from 5100 Rial to 50 thousand Rial.

Article. 13-The persons violating relevant regulations (i.e. article. 10) should be determined based on relevant regulations and pay a fine ranging from 500 to 50 thousand Rial.

Article. 14-Based on relevant violations included in this law, the organization will be regard as a private complainer or plaintiff.

Article. 15-The organizational officers that Authority assigns for detection of above-mentioned violations will be regarded as possessing similar authorities as law enforcement officials if they receive relevant trainings regarding responsibilities of judicial system officials assigned for enforcing hunting regulations.

Note: In cases that other organizations are legally obliged to address the violations, the Authority should convey its comments to those organizations.

Article. 16-Awarding right of exploiting natural resources to real and legal persons by the organization is permissible if all relevant regulations are considered.

From Executive Bylaw of Law on Export-Import Regulations

Passed by Board of Ministers in 1995-02-03 with Further Amendments¹¹⁵

Article. 31 (Amended in 2001-01-31)-Iranian or foreign travelers which enter free trade-industrial zones from abroad should carry their travelling tools, personal stuff (that lack commercial utility) without paying customs and trading profit. In addition, they could import a product into the zone once per year without paying customs fee and trading profit if the product or item is worth less than 80 USD at most. If the product is worth more than 80 USD, they should pay customs fee and double trading profit for the difference between price of product and 80 USD. The related item should not be among blacklisted or religiously forbidden products.

Note. 1-The recognition of certain items as personal tools is solely done by Customs Administration.

Note. 2-The items that cannot be discharged based on list of traveler's accompanying items issued by Ministry of Commerce¹¹⁶ and note 1 in article 17 of Law on Export-Import Regulations will not be covered by this article.

*1, Article. 10-Regulations for prevention from contamination, environmental destruction as well generation of environmentally harmful sounds, regulations concerning determination of degree and extent of pollution as addressed in article 9 of the law along with limitations for maintaining , improving and developing environment should be premised on bylaws approved by agriculture and natural resources committees, Natural Resources Organization and Judicial Department.

*2-Based on Law of Islamic Punishment, the term "misdemeanor imprisonment" has been excluded. In regard to alternative punishments for imprisonment, refer to chapter 9 in Law of Islamic Punishment Law passed in 2013-04-21 which is available online in National System of Regulations of Islamic Republic of Iran (www.dotic.ir)

¹¹⁵ The bylaw was numbered H16T/1395 and enforced in 1994-04-26.

¹¹⁶ At the moment, Ministry of Industry, Mines and Trade.

Regulations of Recruitment of Human Resources, Insurance and Social Security in Free Trade-Industrial Zones of Islamic Republic of Iran^{117 118}

Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones in 1994-05-09 with Further Amendments

Chapter. 1-General Principles

Article. 1-In this approval letter, the following abbreviated terms could be used:

Country: Islamic Republic of Iran

Secretariat: Secretariat of the Supreme Council of Free Trade-Industrial Zones of Iran

Regulations: Regulations included in article 12 of Law on Administration of Free Trade-Industrial Zones¹¹⁹ regarding recruitment of human resources, insurance and social security

Worker: A person who works for an employer in exchange for compensation.

Employer: A legal or real person that compensates a worker for the works he asks the workers to do.

Workshop: A location where worker is demanded by employer or his representative to work in such as industrial, agricultural, mining, constructional, transportation, service, and business bodies or public places.

Compensation: Cash and/or credit sum of money paid to a worker for what he/she does.

Fixed Wage: Sum of compensation for a job and occupational privileges based on the job.

Salary: If wage is paid monthly, it is called salary.¹²⁰

¹¹⁷ The relevant bylaw no. K25T/32433 was enforced in 1994-06-06.

¹¹⁸ Based on article 17 in Executive Bylaw of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran passed in 2006-05-22 and regulations for recruitment of human resources, insurance and social security for free trade- industrial zones of Islamic Republic of Iran will be applicable to special economic zones too.

¹¹⁹ Refer to Law on Administration of Free Trade-Industrial Zones passed in 1993-08-29 which is included here.

¹²⁰ -A: In regard to compensation of workers of Free Zones Organization, Bylaw on Compensation of Workers in Free Zones Organization was passed initially in 1996-04-04 and then in 1997-07-21. Based on the approval letter passed in 1999-02-24, the relevant bylaw was cancelled. Free zones organizations decided to base their procedure for compensation of employees on domestic laws (which should be confirmed by Central Office of Jobs Classification of Ministry of Labor and Social Affairs in Tehran or relevant department in the zone). The decision was enforced in 1999-03-21. Based on paragraph 1 in approval letter (passed in 2003-03-30), the approval letters

Period of Occupation: Period of time or amount of energy a worker spends to conduct intended tasks requested by employer.

Article. 2-All workers, employers and workshops located in free zones are covered by regulations included in this approval letter.

Note. The persons covered by Law of National Employment ¹²¹ or other recruitment regulations as well as workers in familial workshops in which workshop owner and his first-degree relatives work are not addressee of this approval letter.

Article. 3-Surveillance of execution of regulations included in this approval letter and consideration of employers' and workers' rights and fulfilment of contractual obligations should be organized by Authority.

were cancelled. Based on paragraphs 2 and 3 of approval letter (2003-03-30), the following arrangements were made:

*2-All employees in free trade-industrial zones organizations should follow the regulations of Labor Law (*1).

3-All employees who are sent on a mission from other governmental bodies to these zones will be covered by above regulations in regard to their compensation. Based on approval letter (passed in 2006-04-22) and for complete implementation of approval letter passed in 2003-03-30, the following arrangements were made:

“Free zones organizations are obliged to develop instructions for compensation of employees, managing directors and board of managers. The instruction should be implemented after confirmation of Central Office of Compensation Systems in Ministry of Labor and Social Affairs”.

Then, based on note. 34 in 2007 budget of free zones organizations of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku (passed in 2007-06-26) approved by minister members of the Supreme Council of Free Trade-Industrial Zones and Special Economic Zones, the secretariat of Supreme Council of Free Zones was authorized to completely enforce approval letter no. 28393/T/1083 (passed in 2003-04-04) and use expertise of job classification experts (approved by Ministry of Labor and Social Affairs) for developing an instruction for compensation of board of managers, managing directors and employees of free zones organization. After approval of Jobs Classification Office of the ministry, the instruction is notified to free zones.

B-The bylaw on determination and payment of compensation to managing directors, members of the board of directors of free zones organizations (passed in 2010-01-24) was finally approved. However, the decree no. B/H25946 (issued in 2010-07-06) by head of Islamic Consultative Assembly regarded the instruction to be against existing law.

C-Refer to paragraph A in article 112 of Fifth Development Plan of Islamic Republic of Iran (passed in 2011-01-05).

*1-Refer to set of “Labor Law” printed by publication of department.

¹²¹ Approval letter for recognition of free zones authorities of Kish, Qeshm, and Chabahar enlists them in annex of mission statement and paragraph B in article 1 of National Law of Employment (passed in 1996-03-17). The missions of workers of enlisted bodies could be approved by the authorities.

From National Law of Employment (passed in 1966-06-21):

Article. 11-Mission refers to:

A-Assignment of temporary task to a worker with fixed organization position.

B-Sending workers to ministries and entities the list of which has been approved by Board of Ministers. The worker(s) might be temporarily sent to international entities in which Iran is a member or participate.

In each zone, the Authority should receive necessary guarantees to ascertain that employers fulfil their obligations regarding their employees. If such obligations are not fulfilled by employers, the guarantees are used-after issuing decree by courts of justice- to fulfil regulations concerning workers.

Article. 4-In each zone, the organization cooperates with employers and workers to develop facilities that workers of the zone need such as residence, sports facilities, centers for offering healthcare and facilities for supplying foodstuff and basic necessities.

Article. 5-Ministry of Ministry of Labor and Social Affairs ¹²²and authorities of each zone should establish departments of job and employment services in free zones to control job market affairs, monitor protection and work safety conditions and conduct other affairs.

Note. 1-Director of department of jobs and employment services should be assigned based on suggestions of Authority in each zone and decree of Minister of Labor and Social Affairs.¹²³

Note. 2-Director of department of jobs and employment services should report the performance of the department to Ministry of Labor and Social Affairs¹²⁴ every three months.

Article. 6-Labor inspectors should control the workshops included in this approval letter. Employers and Authority of each zone should make proper arrangements for protection and safety of workers and offering legal recommendations of labor inspectors in due time.

Chapter. 2-Job Contract

Article. 7- Job contract refers to a written contract based on which worker conducts task(s) in exchange for a definite salary. The worker could conduct the task(s) for a limited or unlimited period of time.

Note. 1-If duration of occupation is not definite, considering nature of job, end of project or involvement in workshop will be interpreted as time for expiration of a contract.

Note. 2-In cases in which a job is permanently assigned and no definite period of time is mentioned in the contract, the contract will be deemed to be permanent.

Note. 3-In contracts with definite duration and tasks to be done, neither party is allowed to cancel the contract (unless predicted in job contract). In the case of bilateral cancellation of

¹²² At the moment, Ministry of Cooperatives, Labor and Social Welfare

¹²³ At the moment, Ministry of Cooperatives, Labor and Social Welfare

¹²⁴ At the moment, Ministry of Cooperatives, Labor and Social Welfare

contract by either party, the other party could ask for compensation by appealing to relevant judicial bodies.

Article. 8-The persistency of job will not affect permanence of contracts signed for definite period of time.

Article. 9-Satisfaction of following conditions is essential for assuring of validity of job contract.

A-Legitimacy of subject of contract

B-Definiteness of subject of contract

C-Lack of legal and religious limitations for both parties against exploitation of assets and conducting intended tasks.

Note. It is generally presumed that job contracts are legal unless their validity is confirmed in relevant bodies.

Article. 10-In addition to complete specifications of both parties, the job contract should include the following items:

A-Type of task, profession, or task that workers are to undertake

B-Compensation

C-Working hours, holidays and leaves

D-Place of occupation

E-Expiration date of job contract

F-Duration of contract (if work is temporary)

G-Incentives and welfare benefits that workers are awarded

H-Procedures for resolving conflicts based on terms of present approval letter

I-Procedure for cancelation of contract based on items of present approval letter

G-Other terms to be included in the contract based on existing conditions

Note. 1-Job contract should be developed in 3 copies which worker, employer and zone authority each will hold a copy.

Note. 2-Authority of the zone should develop samples of job contracts in 2 languages one of which should be Persian.

Article. 11-The employer could determine a trial period during which either party could end occupational relationship without pre-warning or obligation to pay compensation.

The duration of trial period should be determined by both parties and included in the contract. In the case of expert and simple workers, 1 and 3 months could be denoted as trial period respectively.

In the case that salary and benefits of job a worker conducts should be paid no matter he/she is fired during trial period.

Note. Trial contract between employer and his/her/its worker should be signed once and for a definite take.

Article. 12-Job contract could be ended through following ways:

A-Death of worker

B-Retirement of worker

C-General disability of worker

D-Expiration of a job contract signed for a definite duration

E-Finishing the task(s) for contracts signed for conducting a definite task

F-Cancellation of job contract by employer and/or employer based on terms of relevant approval letter

H-Worker's resignation

Article. 13-Whenever a worker is fired due to dissatisfaction of terms included in relevant disciplinary bylaw, he/she could refer to pre-determined entity for resolution of conflicts. The entity will make required decisions based on approval letter and disciplinary bylaws.

Article. 14-Any modification of work conditions should be already noted in job contract as well as agreements on conditions of workshop. Whenever employer changes conditions of job without considering job contract and asking for worker's approval so that workers' compensation or reputation is disrupted, the worker could refer to predetermined entity for resolution of contract and ask for compensation.

Chapter. 3-Work Conditions

Article. 15-Appointing individuals whose ages are less than 15 years old is forbidden.

Article. 16-Daily duration of working should be determined based on agreement of both parties and terms of job contract. However, working for more than 176 hours per week is not allowed.

Article. 17-Daily work is a job which starts from 6 a. m till 22 p, m. In contrast, night job starts from 22 p. m to 6 a. m. A mixed job is an occupation which overlaps both periods.

Article. 18-Frequent job is an occupation which is done in random ours and not in definite hours of day or night.

Article. 19-Shift job is an occupation which is conducted periodically so that its shifts might be at morning, evening or night.

Article. 20-Based on signed contract, whenever a job is done in shift or nightly modes, compensation should be paid based on labor law, agreement between worker and employer and conditions of workshop.

Article. 21-Use of weekly holiday, annually permitted leaves and holidays by worker should be bilaterally approved by both parties. Whenever worker agrees to ask for leave in definite days of the ear, compensation will change accordingly.

Article. 22-In addition to official holidays, international labor day(April 30th) will be among official holidays of workers.

Article. 23-In the case of cancellation or expiration of job contract or retirement and disability of worker and or closure of workshop, the liabilities of paid leave of workers should be paid. If the worker passes away, the money should be paid to his/her inheritors.

Article. 24-Annual paid leaves and Fridays do not exceed 20 days per year. Other holidays will not be regarded as leave. If a worker is contracted for less than 1 year, paid leaves should be defined accordingly.

Article. 25-Any overwork in four consecutive work which makes sum of working hours more than 176 hours (as detailed in article 15 of present approval letter) should be compensated as stated in labor contract.

Article. 26-Minimum wage paid in free zones should not be less than legal wage in Iran.

Article. 27-For doing similar work in similar conditions in a workshop, male and female workers should be paid equally. Discriminated compensation based on age, sex, ethics, and political and religious beliefs is forbidden.

Article. 28-In cases in which both parties agree that a part of compensation be paid in other ways than cash, the equivalent cash value of such arrangements should be reasonable.

Chapter. 4- Board of Dispute Settlement

Article. 29-Any disagreement on enforcement of regulations concerning this approval letter and job contract between worker and employer should be dealt with through compromise.

If disagreement is not resolved through compromise, the subject should be communicated to board of dispute settlement in 10 days.

Article. 30-The board should include:

- Employer or his/her/its representative
- Worker or his/her representative
- Representative of authority in free one

Note. Board of dispute settlement should review the subject of dispute and offer its decree within 10 days from receiving complaint.

Article. 31 (Amended in 1997-07-21): Decisions of dispute settlement board should be enforced in 10 days from date of communication to involved parties. This should be done by Department for Enforcement of Justice Rulings.¹²⁵

Article. 32-If an employer cancels a work contract, the fired worker could visit the board within next 15 days and asks for their ruling.

Article. 33-If the board regards discharge of a worker to be justified, the board will confirm his/her discharge but obligates the employer to pay 15-day compensation per year of working in the position.

¹²⁵ Decree no 7/1321 (passed in 2009-05-23):

First, article 31 of Law on Recruitment of Human Resources, Insurance and Social Security in Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1994-05-09) as subject of approval letter no. K25T/33433 (passed in 1994-06-06) was revised twice. In first step, based on revised version included in page 238 of set of laws for 1994, the term "if there is no objection" has been deleted. In second step, based on approval letter no. 18434T/61379 (passed in 1997-08-02) concerning change of article 31 of Law on Recruitment of Human Resources, Insurance and Social Security in Free Trade-Industrial Zones of Islamic Republic of Iran (pointed out in page 437 of 1997 Set of Laws), it is noted that decisions of settlement board should be enforced in 10 days from notification date to involved party. The ruling should be executed by Department for Enforcement of Judicial Rulings.

Second, it seems that article 31 signifies that decisions of settlement board should be communicated to be enforceable and 2 days should pass from communication date. However, appealing to Administrative Justice Court is not limited to this deadline.

Article. 34- If the board regards discharge of a worker to be unjustifiable, the employer should re-employ the worker and pay him/her for the period he/she had been jobless. To compensate the damage, the worker should be paid equivalent wage for 45 days per year.

Article. 35-The secretariat of the Supreme Council is obliged to observe socio-economic conditions and develop Bylaw of Work Discipline in coordination with Ministry of Labor and Social Affairs ¹²⁶and authorities of every zone. Then, the bylaw should be communicated to free zones authorities for enforcement.

Article. 36-Employer of any workshop located in the zone should develop a distinctive disciplinary bylaw for that workshop. After confirmation of authority, the bylaw could be enforced.

Chapter. 5-Training and Efficiency

Article. 37- In coordination with authorities in each zone, Ministry of Labor and Social Affairs ¹²⁷should develop required data and statistics regarding human resources based on workshops and entities located in free zones.

Article. 38-The authority in each zone should license career counseling centers and non-governmental agencies in free zones to let them offer their services.

Article. 39-Authorities in each zone should cooperate with Ministry of Labor and Social Affairs¹²⁸ (Technical and Vocational Training Organization) to establish centers for technical and vocational training based on article 9 of Law on Administration of Free Trade-Industrial Zones ¹²⁹ and requirements of job market.

Article. 40-Authority in each zone should cooperate with units of job and employment services as well as employers in introducing people with training needs to centers of technical and vocational training.

Note. Regulations concerning sending individuals for training and creating training periods should be developed by authority in each zone and cooperation with units of job and employment services.

¹²⁶ -At the moment, Ministry of Cooperatives, Labor and Social Welfare.

¹²⁷ At the moment, Ministry of Cooperatives, Labor and Social Welfare

¹²⁸ At the moment, Ministry of Cooperatives, Labor and Social Welfare

¹²⁹ Refer to Law on Administration of Free Trade-Industrial Zones (passed in 1993-08-29).

Chapter. 6-Employment of Foreign Nationals

Article. 41-All employers of workshop within free zones should employ their labor force from Iranian workers. However, in these workshops, one could also use services, expertise, and skills of foreign experts based on conditions included in this approval letter.

Note. In any case, the ratio of foreign workers should not exceed 10 percent of all employees in a zone.

Article. 42-Establishment license for foreign nationals should be issued based on article 41 and its bylaw and request of Authority. The license should be issued by Department of Job and Employment Services.

Article. 43-Foreign nationals employed in free zones should promise to teach their skills to Iranian workers during their employment. The authority in each zone will determine the way of transferring foreign workers' expertise to Iranian workers.

Article. 44-Each employer who signs a job contract with foreign workers and the foreign worker should notify Department of Job and Employment Services about expiration of job contract.

Article. 45-The regional workshops should develop a list of names, nationalities, expertise, occupations and income of their employees once every six years and communicate the list to Department of Job and Employment Services in each zone.

Chapter. 7-Social Security

Article. 46-In every free zone, its authority should cooperate with Social Security Organization and/or insurance companies to establish fund(s) for offering treatment services, compensating employees for sick leave, pregnancy, partial or general disability, retirement, death and other issues related to employees in free zones.

Note (Amended in 1995-12-04)-Social Security Organization could independently offer different insurance services to domestic and foreign worker employed in different business units of free zones based on pre-approved social security obligations.

Article. 47-The workers involved in free zone business/manufacturing units who have paid their insurance fee to Social Security Organization as well as workers who pay their insurance fee to insurance funds should be assured that their insurance record will be maintained and considered in future employments.

Note: Regulations and instructions concerning history of this type of individuals should be developed by Free Zones Authority and Social Security Organization and confirmed by the Supreme Council of Free Zones.

Article. 48-Foreign nationals working in free zones should use the advantages of the fund in similar manner with Iranian workers.

Article. 49-Foreign workers licensed to work or live in free zones should be covered by insurer's regulations in terms of treatment services. However, insurance of foreign nationals should be done based on reciprocal contracts.

Article. 50 (Amended in 1995-01-15)-Regulations and instructions concerning determination of insurance fees for foreign nationals, establishment of fund(s) and dominating regulations and association of funds and Social Security Organizations with other insurance companies, as well as transfer of insurance records of foreign investors should be developed by secretariat of the Supreme Council and Social Security Organization and approved by majority of member ministers in the Supreme Council of Free Zones.

Chapter. 8-Miscellaneous Affairs

Article. 51- Conventions and recommendation letters of International Labor Organization should be considered in free zones.¹³⁰

Foreign Capital: The capitals addressed in article 3 of present law (except for Rial-based accounts) which are imported from mainland into free zones by Iranian citizens.

Special Profit: The realized profit excess of a firm minus costs during a financial period which results from activities done for ripping profit. The profit is measured based on commonly accepted accounting principles.

Regulations for Investment in Free Trade-Industrial Organizations of the Islamic Republic of Iran¹³¹

Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones with Further Amendment (Approved in 1994-05-09)

¹³⁰ -Refer to set of laws and regulations published by vice-presidency.

¹³¹ The bylaw no. K23T/33432 was enforced in 1994-06-06.

Article. 1-In this approval letter, the following abbreviated terms are used:

Mainland: Islamic Republic of Iran minus Free Trade-Industrial Zones

Authority: Administrative Organization in each Free Trade-Industrial Zone

Zone: Any Free Trade-Industrial Zone in Islamic Republic of Iran

Investment: Application of capital in different forms in economic activities for production of items and offering services.

Foreign Investors: All capital initiatives addressed in article 3 of present law (except for Rial-based values) that foreign investors put into the zones.

Article. 2-All real and legal persons and entities (Iranian and foreign) as well as international organizations could invest in the zones independently or in cooperation with authority and its subsidiaries. The resulting capital is covered by current set of regulations.

Article. 3-Based on existing regulations, capital is defined as:

A-Rial-based capital and convertible currencies in zones

B-Machineries, equipment, tools and tools

C-Industrial ownership rights such as patent of invention, technical knowledge, and trademarks

D-A part or all of transferrable special profit obtained in free zones and added to main capital reservoir or used in another legally authorized activity.

Note (Amended in 2001-06-09): In special cases, admission of raw materials and half-manufactured parts could be regarded as a part of foreign investment.

Article. 4-The capitals will be admitted based on the following conditions and regulations:

A-If they are used in permitted activities of each zone.

B-If they go through complete steps of investment and capital registration as described in articles 6 and 7.

C (Amended in 2001-06-09)-If they do not require assignment of an exclusive right or privilege to investor by authority.

Article. 5 (Amended in 2001-06-09): Foreign investors could invest in economic activities of the zone as much as they desire.

Article. 6 (Amended in 2001-06-09): As stated in article 2, investors who desire to enter their capital into free zones should fill in an application form and a questionnaire developed by

secretariat and authorities of the zones. They should deliver the forms to authority in each zone. The received applications forms should be reviewed by authorities within the zone. Investment license should be issued by authority of each zone.

Note. 1 (Amended in 2001-06-09): Foreign investors' request which require offering guarantee (as addressed in article 21 of Amended Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran¹³²), should be managed and planned by a committee made up of representatives of secretariat of the Supreme Council of Free Zones (head of committee), Organization for Investment, Economic and Technical Assistance (Ministry of Economic Affairs and Finance) and Management and Planning Organization of Iran. Based on committee's suggestion and approval of majority of member ministers of the Supreme Council of Free Zones, an investment license will be issued for them.

Note. 2 (Amended in 2001-06-09): Any modification of specifications in the questionnaire or investment license should be communicated to the authority and approved by license-issuing entity.

Note. 3 (Amended in 2001-06-09): The investors who apply for investment license should receive exploitation license from the authority.

Article. 7-The recipients of investment license should import a definite part of the capital into the zone for initialization of operational operations as highlighted in investment license.

Article. 8-Entry and registration of capital in free zones should be done in the following manner:

1-Capital addressed in paragraph A of article 3 of current regulations should be deposited into relevant banking accounts based on type of investment. In addition, equivalent Rial or foreign currency rate should be registered at date of depositing as investment capital in authority branches of each zone.

2-Capitals covered by paragraphs B to D in article 3 of these regulations should be within limits denoted in investment license as well as related documents. After review by authority of each zone, the capital should be changed into convertible currencies at date of discharge. In addition to currency rate, equivalent value of capital (based on market value) should be registered as investment capital in representative branches of authorities in every zone.

3-Capitals addressed in paragraph E of article 3 of current law should be verified by authority of each zone and registered as capital in representative branches of authorities in each zone. Scheduling of assignment of technical knowledge to investment account is presumed to be equivalent with transfer of technical knowledge.

¹³² Refer to article 21 of Law on Administration of Free Trade- Zones of Islamic Republic of Iran (passed in 2008-07-20).

4-Capitals addressed in paragraph F of article 3 of current law should be approved by accounting institutes that authority of each zone authorizes. The capitals are registered in books of authority in each zone as investment capital. The capitals should have the following characteristics:

A-Aimed to increase capital to develop investment in the same unit after receiving approval of authority in each zone.

B-Aimed to increase capital for expending on other items in the same unit after informing authority in each zone

C-Aimed to invest in other activities than those for which license has been issued (after satisfaction of article 6 of current law).

5-Whenever a part or all of non-cash capital is recognized by authority as partial, defective or unusable, if it does not match specifications in the application form or if it is overestimated, that part of price which has not been approved by organization will not be included in capital account.

6-If capital goods as addressed in paragraphs B and C of article 3 of current regulations belong to foreign investors and have been previously used in mainland, the goods could be transited from mainland to free zone after receiving license from relevant entities. Transfer of these products is considered as a case of domestic capital transfer and it will be subjected to regulations of current approval letter.

Article. 9-Investors could insure the capital they import into the zone. In the case of accidents, the insurance company should substitute for investor based on insurance regulations. The substitution will be possible by paying for the losses but it will not be recognized as transfer of capital.

Article. 10 (Amended in 2001-06-09): Capital of final investors that are covered by article 6 of present regulations are supported by existing regulations and possess the same advantages and facilities.

Note (Amended in 2001-06-09): The capital of foreign investors the admission of which (as addressed in note 1 of article 6) is approved by majority of member ministers of the Supreme Council of Free Zones should be fairly compensated by government of Islamic Republic of Iran if it is nationalized or investors are dispossessed. Compensation, in this case, should be done in equivalent amount of foreign currency before nationalization or dispossession. In 3 months from date of nationalization or dispossession, foreign investor should apply for compensation of losses. The application should be delivered to authority in each zone.

Article. 11-All units established in the zone based on investment license should forward a report of their performance and financial statements to the authority. The financial statements should be confirmed by an accounting body selected by the authority.

Article. 12-Exit of special profit, main capital and profits of conducting economic activities based on foreign capital and capitals offered by Iranians in foreign currencies as well as resources earned by sale or transfer of this capitals from these zones are permitted. Based on request of these investors, authority in each zone should issue a license in 1 week from reception of investors request after verifying the fact that whether capitals exiting the zone are aligned with terms of investment license and the following note is observed.

Note. In every zone, its authority should consider tax exemptions as discussed in article 13 of Law on ¹³³Administration of Free Trade-Industrial Zone and finality of values to be exported.

Article. 13-Payments of installments of main load and its relevant expenses, patent contracts, technical knowledge, technical and engineering aids, business signs, and similar contracts could be done based on investment projects, associated contracts and financial statements after notification to authorized organization.

Article. 14-After agreement of authority of each zone, the investors could transfer their shares to other investors. In this case, recipient of shares will substitute for first investor.

Article. 15-Transfer of capital from a zone to another should match investment regulations in zone of origin and destination.

Article. 16-Disputes between foreign investor and Iranian investor should be settled based on written contracts and agreements.

Article. 17 (Amended in 2001-06-09): If foreign capital belongs to foreign state(s), it will be regarded as private capital and covered by business regulations. As a result, it is not covered by governmental and diplomatic exemptions.

Law of Exportation, Importation and Customs Affairs of Free Trade-Industrial Zones of Islamic Republic of Iran¹³⁴

Chapter. 1-General Principles

¹³³ -Refer to Law on Administration of Free Trade-Industrial Zones (passed in 1993-08-29).

¹³⁴ The relevant bylaw (no. K24T/33431) was enforced in 1994-06-06.

Article. 1-In this approval letter the following abbreviated terms will be used:

Zone: Any of free trade-industrial zones established based on relevant regulation

Law: Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1993 as well as other relevant laws.

Customs Territory: Islamic Republic of Iran, its seas and airspace where customs regulations and national laws concerning exportation and importation are being done completely.

Supreme Council: The Supreme Council of Free Trade-Industrial Zones of Islamic Republic of Iran

Authority: Administrative Free Trade-Industrial Zones Organization of Islamic Republic of Iran

Port and Airport Fees: Fees that an organization charges for offering facilities in ports and airports for maritime and areal transportation and traffic of airplanes from product owners and areal transportation organizations.

Service Costs: Fees that authorities of zones charge for storage services, loading, unloading, test and tariffing, issuing licenses and other services that are offered during temporary exportation and importation, trans-ship and returning items.

Value-added: Difference between prices of product after deducting value of raw materials used for producing it.

Value: In regard to products imported to free zones, value is defined as final price of product

Law of Exportation, Importation and Customs Affairs of Free Zones: Regulations enforced in free zones based on Law on Administration of Free zones after approval by the Supreme Council and authority.

Customs: A subsidiary of authority in a zone which enforces import and export regulations in the zone.

Chapter. 2-Permitted Activities and Operations of Customs Organization in Zone and its Relevant Regulations¹³⁵

A-Importation of goods to Free Trade-Industrial Zones of Islamic Republic of Iran¹³⁶

¹³⁵ Refer to article 112 of Fifth Development Plan of Islamic Republic of Iran (passed in 2011-01-05).

¹³⁶ Annexed note in article 8 of Executive Bylaw of Import and Export Law (passed in 1994-09-14):

The products manufactured in Free Trade-Industrial Zones will not be regarded as forbidden:

Article. 2 (Amended in 1997-07-21): Importation of any product to free zones is permissible, except for items that are explicitly recognized as forbidden by Islamic Sharia, domestic regulations or regulations of free zone.

Note. Importation of products made by Israel into the zones is forbidden.

Article. 3- The authority is obliged to develop a monthly record of imported products to Ministry of Commerce¹³⁷ and Customs Organization.

1-At the time of establishing the industry in free zone, the importation of item/product was regarded as permissible.

2-In other cases in which sum of value-added and domestically produced raw materials to be used in production of goods is more than 60 percent. This should be confirmed by committee based on article 1 (*1) of the bylaw.

*1-Executive Bylaw for Law on import-Export passed by Board of Ministers in 1994-04-03: Permanent Committee of Import-Export Regulations is composed of representatives of Presidential Organization, Ministry of Commerce (*3), Ministry of Oil, Ministry of Foreign Affairs, Ministry of Labor and Social Affairs (*4), Ministry of Mine and Industry (*5), Ministry of Agriculture (*6), Ministry of Jihad for Reconstruction (*7), Ministry of Economic Affairs and Finance, Ministry of Cooperatives (*8), Plan and Budget Organization (*9), Central Bank of Islamic Republic of Iran, Customs Organization, Chamber of Commerce and Industries and Mines (*10), and Chamber of Cooperatives. The committee should develop a draft for legal codes, approved regulations by Council of Ministers, the Council of Economics and Economic Commission of Board of Ministers in the following cases:

1-Law on import-export regulations, singular bills of amendment or modifications of Law on import-export regulations

2-Bill for addressing exclusive rights which prevent manufacturing or business from production

3-Executive bylaw in Law on Import-export regulations and modification of certain articles in the executive bylaw.

4-Realizing amendments and modifications of table of customs tariff in amendment of Export-Import Law

5-Developing approval letters of Board of Ministers, Council of Economy and Economic Committee of Board of Ministers regarding export and import regulations

6-review of, commenting on and action based on Export-Import Law.

Note. 2-In cases where another ministry is involved with the issue, the representative of relevant ministry will be invited to the session and he/she will have a right to vote.

*2 and *5-Based on Law on Integration of Ministry of Industry and Ministry of Heavy Industries into Ministry of Industries (passed in 1994-09-13), the two ministries were integrated and Ministry of Industries was established. Another law passed in 2000-12-26 led to establishment of Ministry of Industries and Mines. Finally, the Law on Establishing Ministry of Cooperatives, Labor and Social Welfare and Ministry of Industry, Mines and Trade (passed in 2011-06-29), Ministry of Industries, Mines and Trade was established out of integrating Ministry of Industries and Mines and Industry of Commerce.

*3-At the moment, Ministry of Road and Urban Development

*4 and *8-At the moment, Ministry of Cooperatives, Labour and Social Welfare

*6 and *7-At the moment, Ministry of Academic Jihad

*9-At the moment, Planning and Management Organization

*10-At the moment, Chamber of Commerce, Industries and Mines and Agriculture of Iran

¹³⁷ At the moment, Ministry of Industry, Mine and Trade.

Article. 4-Procedure for importing products into free zones should follow regulations developed by authority in each zone with least formalities. However, satisfaction of healthcare, security, cultural and standard regulations based on current regulations of the zone is essential.

Note. Human-related healthcare regulations should be developed by authority and Ministry of Health and Medical Education.

Article. 5-Importation of good to the zone is permissible under following regulations:

1-Goods imported from abroad, other parts of the country or other free trade-industrial zones of Iran could be exempted by authority from paying port and airport fees if they are constructional materials, tools and applications for developing manufacturing, commercial, service-based and infrastructure units (except for upholster and sofa). However, service expenses should be charged for them.

2-Machineries, raw materials, tools and equipment needed for manufacturing, spare parts, manufacturing machines and capital-based vehicles (except for cars and ships) are exempt from paying port and airport tariff but they should be charged for services costs.

3-The products which should be imported into a free zone from other free zones or from abroad (except for goods mentioned in paragraphs 1 and 2 of this article) and be released are exempt from port and airport fees. If the goods are re-exported, the received port and airport fees will be returned.

4-Import of good to be temporarily maintained in storehouses within the zone for a definite period of time is permitted. Transfer of the goods should follow formalities for transit within zones. Use or transfer of goods of these storehouses without receiving license and conducting formalities are regarded as formalities.

5-Except for items determined by authority of each zone, importation of goods from abroad, other free zones or customs territories for presentation in show, re-exportation, re-packing, grading, cleaning, mixing and other similar operations will be temporarily permitted if service costs are paid and authority of each zone applies proper surveillance. Use of sale of imported goods in the zone is possible by paying port or airport fees and conducting formality of discharging.

Note. The goods imported from other free zones or other parts of the country into the zone for completion or repair are temporarily permitted into the zone after temporary payment of service costs. The importation should be based on existing regulations and in this case, port and airport expenses are not required to be paid. Deadline for temporary storage of these goods in the zone is at most 2 years from date of importation.

6-Importation and unloading of goods in zone ports defined by authority is permitted for transshipment or transit abroad if service costs are paid and formalities are conducted.

7-All goods imported from abroad to free zones or imported from free zones to foreign lands through mainland will be subject to regulations and formalities of foreign transit as pointed out in chapter 7 of executive bylaw of Customs Law.¹³⁸ This procedure should be done without further formalities.

Note. Transit of legally forbidden goods abroad requires receiving a license from Supreme Council of Free Zones.

B-Exportation of Goods from Free Trade-Industrial Zones of Islamic Republic of Iran¹³⁹

¹³⁸ Refer to fifth note (Section 7, Chapter 1) of executive bylaw of Customs Law (passed in 2013-02-24) titled foreign transit which is available in National System of Regulations of Islamic Republic of Iran available in www.dotic.ir

¹³⁹ -A: From approval letter concerning regulations of border transactions, border markets and importation of goods by Iranian workers employed abroad and travelers entering Iran (passed by Board of Ministers in 1994-01-05)

Article. 5-Owners of importation cards could export legally permitted foods to their own country of residence of other countries in 1 year from receiving the card. In addition, they could import the legally authorized goods as announced by Ministry of Commerce if they receive the relevant licenses, pay for customs fees and trading profit. In this case, they could import from such countries into Free Trade-Industrial zones or special economic zone.

Article. 8-The Iranian workers and individuals living about who have an approved resume from diplomatic branch of Islamic Republic of Iran or Ministry of Labor and Social Affairs (*2) are authorized to legally import annually 20.000.000 Rial worth of industrial equipment, machineries and raw materials (except for items in list no. 2 of the annex of this approval letter) after receiving relevant licenses from diplomatic branch or Ministry of Labor and Social Affairs (*3), without transfer of capital out of Free Trade-Industrial zones or special economic zones. In this case, 4 percent exemption from trading profit for machineries and tools, 2 percent discount for raw materials and lack of requirement to show trading card, receiving licenses (as determined in table of laws for importation and exportation). For receiving goods from customs, job resume and license of Ministry of Labor and Social Affairs (*4) will suffice. In addition, owner of card is not need to be legally present.

Note. 1-Workers and Iranians employed abroad that are subject to this article could assign the responsibility of importation of goods in workers' cooperative abroad or other individuals.

Note. 2-Importation of goods by workers and Iranian employed abroad which exceeds the accepted limit in the article should be done based on general regulations of Iran.

Article. 9-Iranian or foreign travelers who enter the country from abroad or Free Trade-Industrial zone should carry their personal stuff without requiring to pay customs fee or trading fee if the items they carry are not commercial. They could annually import 80 dollar worth of goods without paying for customs and trading profit. In next times, they are not exempted from paying for customs fees and trading profit. The products they import should not be in the list of religiously or legally forbidden items.

Note. 1-A laptop or a bag which traveler carries is considered as his/her personal stuff.

Note. 2-Refrigerator, freezer, cooler, washing machine and other goods that travelers carry are not permitted into the zone unless customs fee and double of trading profit are paid. In addition, the part of traveler's stuff that are

Article. 6-The authority could conduct measures for receiving license of origin for products that are going to be exported. Official bodies within the country are obliged to receive license of origin.

Article. 7-Exportation of goods from zones should be done based on regulations developed by authority and with the least formalities.

Note. The manifests of vehicles heading foreign countries, other parts of the country or mainland will be valid after confirmation by relevant authority.

Article. 8-Authority should issue monthly reports of all goods imported into the zone to Ministry of Commerce¹⁴⁰ and Customs Organization.

Article. 9-Exportation and exit of goods from the zone are permitted based on the following regulation:

1-Export of goods manufactured in the zone to other countries or other free zones, no matter raw materials are domestically made or supplied from abroad or other parts of the country, is permitted and requires development of export statement for statistical registration.

2 (Amended in 1994-08-22): Importation of goods exported from the zone to other parts of the country¹⁴¹ will require payment of customs fee and trading profit in proportion to value added

recognized as excess could be received into the zones after paying customs fee and double of trading profit. The exception is legally and religiously forbidden goods.

Note. 3-Goods that could not be discharged from customs (refer to list of traveler's items issued by Ministry of Industry, Mines and Trade) are not subject to this article.

B- Refer to footnote of second chapter of current approval letter.

*1-Based on Law for Establishment of Ministry of Cooperatives, Labor and Social Welfare and Ministry of Industry, Mine and Trade (passed in 2011-06-29), the term "Ministry of Commerce" was changed into "Ministry of Industry, Mine and Trade".

*2 and *3-Based on Law for Establishment of Ministry of Cooperatives, Labor and Social Welfare and Ministry of Industry, Mine and Trade (passed in 2011-06-29), the term "Ministry of Labor and Social Affairs" was substituted by "Ministry of Cooperatives, Labor and Social Welfare.

¹⁴⁰ At the moment, Ministry of Industry, Mine and Trade

¹⁴¹ Note 1 in article 5 of executive bylaw and paragraph D in Budget Law (passed in 2007-09-30) approved by Board of Ministers: Production of tobacco products in free zones are regarded as equivalent with importation from foreign countries.

and domestically produced raw materials. This means that raw materials and parts manufactured abroad will require payment of customs fee and trading profit.¹⁴²

3-Exportation of foreign goods (i.e. consumption goods, raw materials, equipment and other goods) from zone to other parts of the country is permitted. However, discharging goods requires satisfaction of general import-export regulations and customs rules of the country.

4-Exportation of domestically made goods from zone to foreign countries is conditional upon satisfaction of general import-export regulations.

5-Temporary importation of goods from other parts of the country into the zone for assembly or repair is permitted if regulations of Customs Law¹⁴³ are satisfied. In proportion to costs of repair or assembly, the goods will be exempt from paying customs fee and trading profit. However, substituted goods and parts imported from abroad are subject to customs fees and trading profit.

6-Return of goods made abroad to foreign countries or return of goods imported from other part of the country into the mainland is authorized based on permission of zone authority.

Temporary exit of goods from the zone for repair or assembly abroad or in mainland (except for goods imported from mainland to the zone) is exempt from port and airport fees based on previously acquired license.¹⁴⁴

Article. 10-Exportation or exit of goods from zone based on reasons included in paragraphs of article 9 will require payment of service costs if facilities and services of the zone are used.

C-Regulations concerning stuffs that traveler carries.

Article. 11-The travelers (Iranian or foreigners) who legally enter the zone from foreign countries or other zones (i.e. via airports or ports) are authorized to import non-commercial goods (except for religiously and legally forbidden goods) while enjoying exemption from port and airport fees.

¹⁴². A- Refer to footnote no. 30. B-Refer to approval letter of percentage importation of goods produced in free trade-industrial zones and special economic zones passed in 1999-02-03.

¹⁴³ In order to review the complete text of Customs Law (passed in 2011-11-13), refer to set of Customs Law published by vice-presidency

¹⁴⁴ Based on approval letter of Law of Export-import and Customs Affairs of Free Trade-Industrial Zones of Islamic Republic of Iran (1996-12-23), the following note was deleted.

Note: A committee made up of representatives of customs organization of Iran, Ministry of Industry and organizational representatives will determine value-added of goods and raw materials made abroad or domestically.

Note. Real or legal persons intending to settle in the zones for more than 1 year whose residence has been approved by authority could import their house and work tools and applications to a reasonable extent while enjoying exemption from port and airport fees.

Article. 12- Travellers who go abroad through the zones directly are authorized to export all of their stuff and items (except for religiously and legally forbidden goods) if they lack commercial utility. In this case, application of license is not required.

Note. Exportation of ancient objects, calligraphic books, original cultural works and different types of coins are not permitted.

Article. 13- The items and goods travelers carry while traveling from free zones to other parts of the mainland are subjected to general import-export regulations in Iran.

D-Laws on Violations

Article 14 (Amended in 1997-07-21): The items and goods the importation of which is forbidden (except for religiously forbidden items) that are intended to be bought, sold or consumed as well as forbidden goods on legal grounds (the list of names should be publicly published by free zones) should be completely detailed. The owner of items or his/her/its representative should receive a warning notice to get the items out of free zones. The religiously and legally goods will be subject to regulations of free zones.

E: After discharge of goods from customs, if charged fees are more or less than legally determined fees the organization or recipient party could ask for compensation in 4 months from signing document for discharge of items.

Article. 16- Maritime and aerial transportation entities and owners of vehicles should have a photocopy of bill of loading for their items, annex it to list of items and deliver it to the authority when entering airport, port or ground roads.

Article. 17- Control and surveillance of importation and exportation of goods into/out of free zones to other parts of the mainland should be done by Customs Organization of Islamic Republic of Iran. Director of Customs Organization in the zone should be assigned by head of Customs Organization and introduced by organization.

Note. Control and surveillance of importation and exportation of goods into/out of free zones to other countries should be done by Customs Organization based on relevant rules and regulations.

Law on Admission and Residence of Foreign Nationals in Free Trade-Industrial Zones of the Islamic Republic of Iran ¹⁴⁵

Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones in 1994-10-

01

With Further Amendments and Annexes

Article. 1-Definitions

In this approval letter, the following abbreviated terms are used:

Country: The Islamic Republic of Iran

Zones: Free Trade-Industrial Zones of the Islamic Republic of Iran

Authority: Administrative Authority of Free Trade-Industrial Zones of the Islamic Republic of Iran

Article. 2-For direct admission into free zones through legal entry and exit points, foreign nationals should have visa.

Note. 1-For those addressed in this article, representatives of police forces at free zones should verify and stamp residence license as well as travelling documents.

Note. 2-Issuing residence license is forbidden for following figures:

A-Citizens of those countries whose entry into the country has been announced by the state.

B-Those figures whose entry into the country is forbidden.

C-Those individuals whose entry into free zone is forbidden.

Note. 3-Residence license could be extended for 2 weeks and if a person delivers application form to the organization, it could be extended for another 6 months.

¹⁴⁵ The bylaw no. K92T/41571 was enforced in 1994-11-12.

Article. 3-For being admitted to those zones who are within mainland and do not offer direct access, foreign nationals should ask representative offices of Islamic Republic of Iran for visa.

Note. 1-Representatives of Islamic Republic of Iran located abroad should issue trafficking visa for 3 days (or two-entry visa) based on existing regulations, invitation letter of Authority and two-way ticket. In this case, verification via correspondence with relevant bodies is not required.

Note. 2-After admission of foreign nationals, the terms of present article (especially notes 1 and 2 of article 2) will cover them.

Article. 4 (Amended in 1995-04-24): After admission into the zones, if foreign nationals intend to pass the country, they should deliver its application to representative office of Representative Bureau of Foreign Nationals Affairs of special police zone.

Note. 1 (Amended in 1995-04-24): The bureau should verify and respond to the application within 48 hours.

Note. 2 (Amended in 1995-04-24): If representatives of the Ministry of Foreign Affairs are not accessible (as addressed in article 4 of Executive Bylaw¹⁴⁶ of Issuing Visa) in the zone, foreign nationals addressed in article 4 should deliver their application to one of Representative Bureau of Foreign Nationals Affairs of special police zone that are located in special police zones. In coordination with Ministry of Foreign Affairs, the bureau should announce the result of application within 48 hours from date of reception.

Article. 5-Foreign nationals who are living in the country legally do not require separate visa for travelling to other parts of the country. In addition, such individuals may travel to other parts of the country by satisfying national regulations and carrying valid residential documents.

¹⁴⁶ Refer to Executive Bylaw on “Issuing Visa for Foreign Nationals in Free Trade-Industrial Zones” passed by Board of Managers passed in 1994-01-17.

Article. 6-Issuing transit visa and residential license (as addressed in note. 1 of article 2 in current approval letter) in different copies will be permitted if applicant desires and state representatives see it as fit.

Article. 7-Each foreign nationals who desires to reside in such zones should fill in and deliver the documents of admission and residence license during their temporary residence. Such documents should be accompanied by other required documents and deliver them to Representative Bureau of Foreign Nationals Affairs. The bureau should verify the documents and issue residence license or deny its issuance.

Note: Applying for residence license for national residents should be done through free industrial zone.

Article. 8-Persons in charge of public place should specify their identity and date of admission in free zones within 24 hours and deliver those specifications to Representative Bureau of Foreign Nationals Affairs of special police zone.

Note. 1-In regard to this approval letter, public places ¹⁴⁷refer to hotels, motels, traveler’s homes as well as all places who allow temporary residence of travelers.

Note. 2-Special admission notification forms are designed by authority of each zone in cooperation with Representative Bureau of Foreign Nationals Affairs of special police zone and distributed to owners of public places.

Article. 9-For employment of foreign nationals in free zones, it is essential to satisfy “Law on Employment of Human Resources, Insurance, and Social Security in Free Trade-Industrial Zones of the Islamic Republic of Iran”¹⁴⁸.

¹⁴⁷ Refer to Executive Bylaw on Administration of Public Places of Free Trade-Industrial Zones passed by Board of Ministers of Supreme Council of Free Trade-Industrial Zones (approved in 1994-10-01).

¹⁴⁸ Refer to Law on Employment of Human Resources, Insurance, and Social Security in Free Trade- Industrial Zones passed in 1994-05-09 which is included.

Executive Instructions and Method of Toll Charges Bylaw in Free Trade-Industrial Zones

Passed by Member Ministers of the Supreme Council of Free Zones in 1994-10-01

With Further Amendments¹⁴⁹

1-Plating Fees

The fees for attaching plates on vehicles which travel across free zones should be charged in the following manner:

1.1-Personal Vehicles: 1.000.000 IRR

1.2-Public Vehicles (Taxi): 7.000 IRR

1.3-Types of Heavy Trucks: 500.000 IRR

1.4-Single-cabinet Trucks: 1.500.000 IRR

1.5-Two-cabinet Trucks: 2.500.000 IRR

1.6-Mini-bus with Cooler: 200.000 IRR; Mini-bus without Cooler: 700.000 IRR

1.7- Bus with Cooler: 400.000 IRR; Bus without Cooler: 1.300.000 IRR

1.8-Small Truck: 700.000 IRR

1.9-X-gear Motorcycle: 800.000 IRR

1.10-Gas-combusting Motorcycle without Speeding Gear: 400.000 IRR

1.11-Any Type of Bicycle: 10.000 IRR

1.12-Lift Truck: 50.000 IRR

1.13-Road-development Vehicles (Except for Truck and Compressor): 200.000 IRR

¹⁴⁹ The relevant bylaw no. K119T/6564 announced in 1995-02-20.

1.14-Agricultural Vehicles: 200.000 IRR

1.15-Fees for installing plates will be determined annually after their approval by Board of Ministers. The fees could be raised up to 50 percent compared with previous year.

2-Annual Fees of Vehicles: Annual fees of vehicles on which identification plates are installed are as defined in the following. This does not include motorcycle, crane and lift truck.

2.1-Types of Vehicles for Passengers: 500.000 IRR

2.2-Types of Two-cabinet Truck: 100.000 IRR

2.3-Single-cabinet Trucks: 800.000 IRR

2.4-Types of Buses: 600.000 IRR

2.5-Types of minibus: 30.000 IRR

2.6-Miscellaneous: 50.000 IRR

2.7 (Amended in 1995-08-28): Annual fees of traffic of vehicles as detailed in paragraphs 1.2 - 2.6 could be changed annually and after approval of the Board of Directors of each zone up to 50 percent compared with previous year.

3-Traffic Fees

Fees of traffic for those engine-driven vehicles which lack plate of free zones and traffic the zone for two days (at most) are detailed in the following. It should be noted that in the case of trafficking or stopping for more than 10 days, the vehicles should pay annual charges.

3.1.1-Personal Vehicles: 10.000 IRR

3.1.2-Single-cabinet Trucks: 10.000 IRR

3.1.3-Two-cabinet Trucks: 20.000 IRR

3.1.4-(Amended in 1995-08-28) Type of Heavy Truck: 10.000 IRR

3.1.5-(Amended in 1995-08-28) Type of Light Truck: 5.000 IRR

3.1.6-Types of Bus: 100.000 IRR

3.1.7-Types of Mini-bus: 50.000 IRR

3.1.8-Other Vehicles per Cylinder: 2.500 IRR

3.2-Annual fees for trafficking engine-driven vehicles that have not received plates of free zones are as determined in the following. In the case of trafficking or stopping for more than 1 year, fees of installing plate should be charged:

3.2.1-Types of Personal Vehicles: 100.000 IRR

3.2.2-Types of Two-cabinet Trucks: 20.000 IRR

3.2.3-Types of Single-cabinet Trucks: 160.000 IRR

3.2.4-Types of Bus: 120.000 IRR

3.2.5-Types of Mini-bus: 60.000 IRR

3.2.6-Types of Heavy Truck: 120.000 IRR

3.2.7-Types of Light Truck: 6.000 IRR

3.2.8-Miscelaneos (per cylinder): 25.000 IRR

3.3-Traffic fees as detailed in paragraphs 3.1.1 to 3.2.8 could be modified annually at the beginning of every year after approval of Board of Directors in each zone. The fees could be raised up to 50 percent in relation to previous year.

4-Exit Fees

Exit fee for each cargo is 50.000 IRR. The fee could be modified annually at the beginning of every year after approval of Board of Directors in each zone. The fees could be raised up to 50 percent in relation to previous year.

5-Activity Fee

Annual fees for different types of activities are as detailed in the following:

5.1-Service (per square meter): 1000 IRR

5.2-Industrial (per square meter): 1500 IRR

5.3-Entertainment (per square meter): 500 IRR

5.4-Business (per square meter): 10.000 IRR

5.5-Hotelling (per square meter): 500 IRR

5.6-Storehousing (per square meter): 2000 IRR

5.7-Transportation (per square meter): 1000 IRR

5.8-Engineering and Contracting Services (per square meter): 1000 IRR

5.9-Banking (per square meter): 10.000 IRR

5.10-Maritime and Aerial (per square meter): 1000 IRR

5.11- The fee could be modified annually at the beginning of every year after approval of Board of Directors in each zone. The fees could be raised up to 50 percent in relation to previous year.

6-(Amended in 2006-04-30): Fees for Traveler's Goods

The fees could range from zero to 150,000 IRR but the actual amount could be determined by Board of Managers in each zone.

7-Fees for Tobacco-based Goods

The fee for importation of tobacco products into Kish Free Zone is 40 percent while for Qeshm and Chabahar Free Zones, the fee is 50 percent.

8-(Amended in 1995-08-28 and 1996-03-16): Fees for Importation of Goods

Fees for importation of goods to any of the following free zones are as detailed below.

8.1-Raw materials and machineries: 0 to 10 percent of basic value.

8.2-Intermediate goods and aiding materials: 3-40 percent of basic value.

8.3-Durable goods for consumption: 5 -45 percent of basic value

8.4-Consumable goods and items: 15-45 percent of basic value

8.5-Other goods and decorative goods: 5-50 percent of basic value

Note. 1-Up to 20 percent discount on fees for those goods which have been allegedly imported from abroad should be applied.

Note. 2- Up to 10 percent discount on fees for those goods which have after-sale representatives in Iran should be applied.

Note. 3 (Amended in 1995-08-28 and 1996-03-16): The goods manufactured in free zones or special economic zones of Iran to be imported to other free trade-industrial zones might be exempted from some or all of the fees. The license released by Committee of Value-Added

Determination (as detailed in approval letter no. K160003T/52173 passed in 1995-12-25¹⁵⁰) for goods produced in free zones will be the basis for determining location for production of manufacturing them.

9-(Amended in 1995-12-04)- Road Toll¹⁵¹

The fees for engine-driven terminals to cross road terminals (1 pass) are as detailed in the following manner. The fee could be modified based on existing condition after approval by The board of directors of each zone. The discounts could be as much as 50 percent.

Type of Vehicle	Road Toll
1-Types of Personal Vehicle	1000 IRR
2-Types of Pick-up	2000 IRR
3-Types of Mini-bus and Light Truck	3000 IRR
4-Types of Bus	5000 IRR
5-Types of Truck	5000 IRR
6-Types of Trailers	10.000 IRR
7-Lift Truck	1000 IRR
8-Types of Road Development Vehicles	10.000 IRR
9-Types of Agricultural Vehicles	5000 IRR
10-Trailer Bogie	20.000 IRR

¹⁵⁰ The term "approval letter" refers to permission for importation of a percentage of products manufactured in free trade-industrial zones passed in 1995-12-04. It was substituted with approval letter no. 20638T/73577 (passed in 1999-02-09) by Board of Ministers.

¹⁵¹ In text of approval (passed in 1995-12-04), the paragraph was passed and amended to this collection as paragraph 9.

11-Other vehicles per cylinder	250 IRR
12-Types of Motorcycle	500 IRR

The road tolls could be modified annually depending on conditions and/or approval of the board of directors of each zone. The tool could increase up to 50 percent of previous year.

10 (Amended in 1998-01-14): Importation fee, ranging from 5000 to 50.000 IRR, should be determined by authority of each zone.¹⁵²

In order to provide different urban services (cultural, athletic, and treatment centers), construct and develop passages, parks and parking lots, and maintain public gardens and parks, and conduct other public affairs, administrative authorities of Free Trade-Industrial Zones are allowed to charge fees for urban services.

11.1-(Amended in 2015-03-08): From date of passing the current approval letter for offering services to lands, buildings and buildings located in free trade-industrial zones, annual urban services fees should be charged based on annexed procedural letter confirmed by Cabinet Office.¹⁵³

11.2 (Amended in 2015-03-08): The current values of lands, buildings and constructed areas should be determined based on article. 11 of Bylaw on Exploitation of Lands and Natural

¹⁵² The paragraph was cancelled after passing approval letter no. 21086T25951 (approved in 2002-08-24). Then, the approval letter itself was canceled based on paragraph 2 of approval no. H29075T/26607 (passed in 2003-08-06).

¹⁵³ A-The paragraph was reviewed by Head of Islamic Consultative Assembly (Decree no. B/H 62102; passed in 2014-12-02).

1-Based on article 10 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran (passed in 1996), the authority in each zone could charge fees against offering urban services after the fees were approved by Board of Ministers. However, the paragraph excludes the approval of Board of Managers and it is deemed to be against the law.

2-Refer to relevant procedural letter attached to approval letter on modification of instructions and procedural letter for receiving fee in free trade-industrial zones (passed in 2015-03-08).

Resources of Free Trade-Industrial Centers of Islamic Republic of Iran (approval no. K253T/16448 ; passed in 1994-04-30).

Note. 1-In regard to plants, workshops, industrial and economic entities, the price of building and land will be considered for paying fees.

Note. 2-In those areas of free trade-industrial zones where drinking water, power or one of them are not readily available for settlers, 25 percent should be deducted from total fee per each lacking means of living. Lands of urban use that have not been built and are located in such zones are covered by such deductions.

Note. 3-The value of private parking lots in each building will not be included in calculating final fee.

Note. 4-In order to encourage ownership of real-estate in the zones, the charged fees should include 50 percent discount for first year (2014), 30 percent for second year (2015) and 15 percent for third year (2016).

Note. 5-The fees should include certain amounts for reconstruction of economically deprived areas. This portion could be up to 50 percent as detailed in note. 4.

11.3-All of the lands within free trade-industrial zones are subject to this instruction.¹⁵⁴

11.4-Annual fee should be collected in early April of each year and fully paid to administrative authorities of free trade-industrial zones before the year ends.

Note. 1-Those who pay the fee for their homes before the deadline could use 10 percent discount.

Note. 2-The new buildings erected instead of old ones will be exempt from paying this type of fee for three years from the date written in license of constructional ending.

¹⁵⁴ -Refer to footnote no. 153

Note. 3-Fees for urban services offered to rented lands, properties and built lands should be paid by exploiter.

11.5-Free trade-industrial zones could issue warning for those service recipients who have not paid their fees in 2 months from deadline (paragraph 11.4) and cut lines of urban services for them.

11.6- In the case of finality of fees for certain buildings, their owner as well as buildings they own could act as means for paying debts owed to administrative zone authorities. If owner does not pay the fees in due time, administrative authority could request relevant bodies to liquidate the assets.

11.7-Those people who do not pay their due fees until end of the year should pay a fine for delayed payment based on announced inflation rate of Central Bank. After first six months from due payment date, authorities could conduct measures for fetching the fees (paragraph 11. 6).

11.8-The fee for lands located within free trade-industrial zones which have water and power subscriptions but lack building on them should be charged double fee (paragraph 11.2) if they have no fence or not turned into green spaces.

Note-Incomplete buildings confiscated by judicial authorities are not subject to this article.

Bylaw of Traffic in Free Trade-Industrial Zones of Islamic Republic of Iran¹⁵⁵

Passed by Member Ministers of the Supreme Council of Free Zones (with Further Amendments) in 1994-10-01

Chapter. 1-Definitions

Article. 1-The following terms used in current bylaw have certain meanings as detailed here.

1-Non-motorized Vehicles: Vehicles moving on the ground that lack engine.

2-Motorized Vehicles: Vehicles moving on the ground that have engine.

3-Electric Vehicles: Vehicles moving on the ground that use electricity for moving.

4-Rail Vehicles: Vehicles that move on railway.

5-Trailer: A non-motorized vehicle pulled by a motorized vehicle.

6-Semi-Trailer: A trailer that vehicle is loaded with some of its weight.

7-Driver: A person who navigates the vehicle.

8-Pedestrian: A person who moves without using any type of vehicles.

9-Traveler: A person who uses different types of vehicles in going from one place to another.

10-Vehicle: Motorized vehicles moving on four wheels that could transfer at most 6 passengers (driver included).

11-Station: A type of vehicle which could transport 7 to 9 people (driver included)

12-Mini-bus: A motorized vehicle used for transporting 10 to 21 people.

13-Bus: A motorized vehicle for transporting at least 22 people.

¹⁵⁵ The bylaw (no. K94T/27115) was enforced in 1994-11-13.

- 14-Multi-cabinet Bus: A bust with multiple cabinet trailers.
- 15-School Bus: A motorized vehicle which has all necessary specifications for transporting school students.
- 16-Training Vehicle: A motorized vehicle moving on the ground which is used for training purposes and has two clutches, two breaks and two mirrors.
- 17-Emergency Vehicle: A specific motorized vehicles used by police force, fire-fighting department and other entities.
- 18-Motorcycle: A motorized vehicle with two or three wheels with or without upper body.
- 19-Bicycle: A vehicle used for moving on the ground that has two wheels and moves solely by muscular force of the person riding it as well as pedal and manual levers.
- 20-Caravan: A non-motorized vehicle moving on the ground that is used as residence or office (its length and width should not exceed 2.5 and 11 m respectively).
- 21-Ambulance: A motorized vehicle with aiding equipment which is used for transporting patients to hospitals.
- 22-Fire Truck: A motorized vehicle with distinctive color and equipment which is used for putting down fire.
- 23-Permitted Weight: Sum of weights of vehicle and what is loaded on it.
- 24-Cargo Vehicle: A motorized vehicle used for carrying cargo which has distinctive sections for driver and cargo.
- 25-Pick-up: A motorized vehicle for carrying cargoes up to 2 tons.
- 26-Light Truck: A motorized vehicle for carrying cargoes weighing from 2 to 4.5 tons.
- 27-Truck: A motorized vehicle for carrying cargoes weighing from 3.5 to 16 tons.

28-Roofed Truck: A truck in which metal wall of cargo-carrying section is 1.5 m higher than the section of the body in which driver sits.

29-Edge-containing Truck: A truck in which metal wall of cargo-carrying section is 0.8 m higher than the section of the body in which driver sits.

30-Bladed Truck: A truck in which carriage section is divided into two section by a dividing wall along its length.

31-Flat-carriage Truck: A truck in which carriage section has no limiting vertical walls.

32-Roofed Truck: A truck with roof on its carriage section. The roof should be made out of metal planes.

33-Freezer Truck: A roofed truck the carriage section of which has refrigeration devices.

34-Tanker Truck: A truck which has a closed container on its carriage section and it used for transporting different types of liquids.

35-Bunker Truck: A truck with closed container on its carriage section which is used for transporting different types of liquids.

36-Mixer Truck: A truck with closed container on its carrying section and a mixer.

37-Compressor Truck: A truck with distinctive carrying section. In this type of truck, unloading is done through compressor.

38-Crane Vehicle; A vehicle which has a crane on its carrying section.

39-Cargo Tractor: A motorized vehicle moving on the ground which is used for pulling cargo trailer.

40-Farming Tractor: A motorized vehicle moving on the ground which is used for faming activities.

41-Puller: A motorized vehicle moving on the ground to which different trailers and semi-trailer is connected.

42-Trailer: A cargo vehicle with loading capacity of 24 tons which is made up of puller and semi-trailer.

43-Path: All roads used for trafficking.

44-Roadway: A part of the road which is divided from pedestrian section.

45-Pavement: A part of the road on which pedestrians are solely allowed to move.

46-Pedestrial Pavement: A part of street for moving vehicles where some signs are installed to signify that pedestrians are allowed to pass.

47-Alley: A way in residential areas with maximum width of 6m.

48-Street: A road in residential areas with a width exceeding from 6m.

49-Road: A pathway out of urban areas.

50-Main Street: A street with larger width than other streets it leads into or a street which traffic signals show it to be main one.

51-Bystreet: A street with lower width when leading to another street. Alternatively, it might be highlighted by traffic signals.

52-Main Road: A road which has higher width when leading to another road. Alternatively, it might be highlighted by traffic signals.

53-Byroad: A road which has lower width when leading to another road. Alternatively, it might be highlighted by traffic signals.

54-Highway: A road with distinctive sides of the road. There should be at least 2 lines at each side of the road.

55: Superhighway: A way without level crossing the surrounding of which is closed and its ingoing and outgoing ways are separate. In each side of the road, there are at least two lines and shoulder with width of 3 meters or higher.

56: Park Meter: A device which allows parking for a definite period of time for a certain period of time.

Chapter.2-Installing Plates and Transferring Ownership

Article. 2-Any motorized vehicle moving on the ground, trailer or semi-trailer used in free zones based on existing regulations should have distinctive plate of the zone.

Driving or using non-plated vehicles or vehicles with invalid plate number is forbidden. In addition, letting other people use such vehicles is not permitted unless the police force has issued a license for driving in the zone.

Article. 3-Owners of above-mentioned vehicles (article 2) or their legal representatives are obliged to driver their vehicles to Traffic Police branches, fill in and sign the relevant forms and attach necessary documents to those forms so as to be able to receive plate for their vehicle and ownership license. In the zone, traffic officers should prevent vehicles from moving that have not been number during permitted period of time.

Article. 4-Plate is solely awarded to those real and legal persons who own the vehicles. All responsibilities of illegal use of those vehicles will be undertaken by their owners.

Article. 5-Transferring ownership of vehicles and necessary information will be registered in owner verification paper of the vehicle by associated officer.

Article. 6-The seller should deliver the plate and special form of free zone to plating unit at the moment of selling the vehicle.

Article. 7-In the case of ownership transfer of vehicle, buyer should apply for a new plate for the vehicle (based on article. 2) and receive his/her own ownership license.

Article. 8-Those owners whose vehicles have been plated out of free zones should apply for a plate based on regulations that authority of the zone announces. The previous plates of such vehicles should be maintained in the authority as long as they are being used in the zone. In addition, their specifications should be delivered to police force.

Article. 9-Administrative authority should inhibit from conducting the following measures:

Using the vehicle while

- 1- It is defected or its use in the zone is technically dangerous.
- 2- It's status is not verifiable
- 3- Fees and rights determined by administrative authority of the zone are not paid yet.
- 4- It lacks signs and equipment predicted in the bylaw.
- 5- If five years passes from its data of manufacturing unless administrative authority allows it
- 6- It is a motorcycle with two-stroke engine.

Article. 10-Installing plate on vehicles is done after actual delivery of plate and confirmation license to vehicle owner or his/her representative. Different types of plats (with different colors)for different vehicles, determining essential documents for plating process and the way of offering plate installation services will be determined based on a guide developed by Authority which has already been approved by Traffic Police Department of the zone.

Article. 11-After installation of plate, Traffic Police Department should issue a document including specification of vehicle, ownership transfer and specifications of buyer and seller and deliver a copy of it to owner or his/her legal representative.

Article. 12-Whenever ownership paper or plate goes missing or unreadable, the vehicle owner or his/her representative should apply for alternative documents and/or plate within next 48 hours. They should visit relevant plating unit and act according to instructions.

Article. 13-Traffic Police Department could award temporary plates or plates with limited period of validity to manufacturers, sellers, carriers, importers and exporters of vehicles to be sold or transmitted from one place to another.

Article. 14-Those individuals who receive plate for their personally owned vehicles are solely authorized to use that vehicle.

Article. 15-When vehicles with transit plate enter free zones through legal entry points, their owners could receive temporary plate after conducting essential formalities.

Article. 16-A vehicle plated in free zones could enter other parts of the country after going through customs formalities for foreign cars. Their traffic will be temporary.

Note. 1-The vehicles plated in Chabahar Free Zone could traffic in a radius of 30 km around free zones without requirement of conducting formal steps (Chabahar-IranShar to Road Police Station).

In cooperation with Customs Organization and Police Force, the Authority will determine the steps to enforce this note.¹⁵⁶

Note. 2 (Amended in 2005-12-15): Vehicles that enter the country through Chabahar Zone could enter Nik-Shar Refion up to 100 sets at once after Police confirmed their status.

Note. 3 (Amended in 2008-12-17)- Considering the fact that Arvand Free Trade-Industrial Zone is attached to the main country, plated vehicles are authorized to move in a radius of 40 km as detailed in attached map which has confirmatory stamp of Board of Ministers. In addition, heavy

¹⁵⁶ Decree no. 7/546 (dated: 2011-04-23) : Use and traffic of vehicles with plates of Free Zones are not covered by criminal laws and treatment of their violations by local police forces is not advised.

road development machineries such as loaders could go as remote as boundary roads of the province in which they are located.¹⁵⁷

Traffic of vehicles with plates of Arvand Free Trade-Industrial Zones between such zones and central city of the province is allowed for residents of Abadan and Khoramshahr.

Third Chapter: Driving License

Article. 17-Anybody with any type of motorized vehicle who is riding/driving in free zones should have relevant driving license for that vehicle.

Article. 18-Valid driving licenses include:

- 1-Licenses issued within the country
- 2-Foreign licenses approved by Free Zones.

Chapter. 4-Analysis of Vehicles

Article. 19-All motorized vehicles should have valid technical analysis papers that are issued by Traffic Police Department within that zone.

Riding motorized vehicles that lack technical analysis paper is forbidden.

¹⁵⁷ Based on approval letter for admission of vehicles with plates of Free Trade- Industrial Zones (passed in 2011-12-25 by Board of Ministers, No: N 47621T/203316), traffic of vehicles with plates of Arvand Zone is authorized for all residents of Abadan and Khoramshahr as well as legal persons in those towns up to center of Khozestan Province. However, the approval letter was decreed by Head of Consultative Assembly to be defective on the following grounds:

1-Based on paragraph “E” in article 4 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran (passed in 1994) with Further Amendment which states, “Approval of security and police regulations of Free Trade-Industrial Zones should be undertaken by Command in Chief”. Authorities of Board of Managers in developing policing regulations is dependent on the geographical area and limited to the area. Therefore, application of policing rules of a zone outside of the zone is not permitted.

2-Based on article 14 of above-mentioned law, “commercial transactions of Zones with other parts of the country (including traveler-based and business-based) should follow general exportation and importation of the country”. Therefore, the approval letter is against this law.

Technical analysis paper should always be accessible.

Article. 20-Whenever a vehicle shows technical problems, is out of standard state or using it is deemed to be dangerous, Traffic Police Department of the zone should ask for technical analysis document and transfer the vehicle to repair store. As long as technical performance of the vehicle is not verified, its traffic and use are not permitted.

Article. 21-Traffic Police Department of each zone should determine technical items and standards for each part of the vehicle.

Article. 22-If Authority of any free zone state that installing some devices on vehicles is essential for traffic safety or preventing from environmental pollution, everybody should consider them.

Article. 23-In each zone, Traffic Police Department should, if needed, issue a technical analysis paper to real or legal persons with validity period of 1 year. In this case, extending the license for another year will be permissible.

Article. 24-License and label of technical analysis issued by authorized center for different parts of the vehicle and regulations and standards should be approved by technical examiner. Technical examiner is a person with sufficient knowledge of technical analysis standards and regulations.

Article. 25-In following cases, Traffic Police Department of each zone could prevent from issuing license for conducting technical analysis for repair stores and/or individuals. The department could cancel already issued licenses:

- 1-If person in charge of technical analysis or technical examiner has criminal record.
- 2-If center of technical analysis has not satisfied standard conditions.
- 3-If technical analysis center issues analysis license without satisfaction of regulations.
- 4-If technical examiner issues analysis license without examining the vehicle.

Article. 26-Technical analysis license of a vehicle could not be transferred.

Article. 27-Traffic Police Department of each zone should issue an authentication letter to technical analysis center and technical examiner.

Article. 28-Authorized technical analysis centers should be explicitly defined in a notice. The notice should be returned after expiration date of the license is reached.

Article. 29-In each zone, investigators of Traffic Police Department could review performance of Technical Analysis Center and their relevant records and books. The persons in charge of these centers should participate.

Article. 30-In free zones, technical analysis (by Police Force) and issuing technical analysis document and label are done for a definite fee which is determined based on Executive Bylaw for Charging Fees in Free Trade-Industrial Zones¹⁵⁸. This fee should be paid on visit.

Article. 31-Specifications of devices needed for technical analysis should be determined by Traffic Police Department of each zone. Technical Analysis Centers should purchase and use required devices in due period of time.

Article. 32-Each technical analysis center should establish an office for recording specifications of vehicles.

Chapter. 5-Accidents

Article. 33-A vehicle driver who has caused accidents leading to mortality or injury should keep accident scene as is and inform Traffic Police Department of the zone about the event. As long as formal procedures for review of accidents are being done by experts, the driver should inhibit

¹⁵⁸ The bylaw with its further amendment (passed in 1994-01-17).

from changing the scene. In accidents leading to losses, if vehicle is movable the driver should stop the vehicle in closest place which does not stop traffic flow.

Note. If driver does not notify occurrence of an event, owner of vehicle and other travelers in the vehicle should communicate the accident.

Article. 34-Verification of all driving accidents in free zones by experts of Traffic Police Department, who have received sufficient training, should be done based on existing forms. The forms should be delivered to authorized entities.

Article. 35-Drivers and travelers of vehicles who have crashed should offer sufficient aids to injured people and take measures for sending them to treatment centers.

Article. 36-If drivers and travelers within a crashed accident fail to take the injured people to treatment centers, other people present in the scene may offer required aids and transfer the injured people to treatment centers. In these cases, officials are solely permitted to register characteristics of aid provider.

Article. 37-If necessary, treatment centers should admit those injured during accidents in and do necessary measures to treat them.

Article. 38-Treatment centers and physicians are required to fill in the form of admission of people injured in driving accidents and describe the measures conducted for them. The form should be sent to Traffic Department of the zone.

Article. 39-If, during treatment of those injured in accidents, it is proved that their future acts of driving leads to risks for themselves and others the relevant physician should communicate the affair to Traffic Police Department.

Article. 40-Driver of any vehicle who accidentally crashes into an immobile vehicle, animals, traffic signs and other objects should inform Traffic Police Department about the affair.

Article. 41-Repair stores and parking lots should notify Traffic Police Department of observing a vehicle with signs of accident and crash on it.

Article. 42-Traffic Police Department of each zone should train violating drivers again to reduce probability of accident.

Chapter. 6-Equipment

Article. 43-People are not authorized to drive those vehicles who lack sufficient equipment of safety or have illegal devices. In addition, they should not let others drive such vehicles.

Article. 44-All motorized vehicles with four wheels or more should have certain lights with following specifications.

1-Two lamps with white lights in front view which could move upward or downward so that in upward lighting mode, people and objects could be detected at a distance of 150 m. In downward mode, the lamps should clearly show people and objects at 35m distance.

2-Two small lamps with yellow or white lights for showing width of the vehicle in both ends of the vehicle. The light of these lamps should be visible at 150 m.

3-Two lamps with red light to let others understand width of the vehicle which are installed in rear side of the vehicle. The light of these lamps should be visible at 150 m.

4-Two small lamps with red light should be installed at rear side to show breaking. The lamps should turn on at the moment of breaking. The light of these lamps should be visible at 150 m.

5-A white-colored lamp for showing plate at rear of vehicle

6-A small yellow or white-colored lamp at rear of vehicle which turns on during rear gear.

7-Two reflective red-colored lamps at both ends of rear of vehicle.

Article. 45-Motorcycles should at least have one lamp and at most two lamps with white color at front side which should brighten up to 150m. It should have a anti-reflective red-colored lamp which could be visible at a distance of 150m.

Article. 46-Any motorcycle should brighten a lamp with white light in front side which is visible at distance of 150m. It should have a red anti-reflective lamp, visible at distance of 20m, at rear side and a bell or horn the sound of which should be heard at distance of 30m.

Article. 47-No motorized vehicle should have more than four white- and yellow-colored lamps at front side. The brightness of lamps at front side should not exceed brightness of more than 300 candles and light of rear lamps should not exceed the light of 3 candles.

Article. 48-Heavy motorized vehicles (with minimum width and length of 205cm and 9m respectively) could have above-mentioned lamps (article 45) and two yellow-colored lamps at the front and three red-colored lamps at the back. The use of these lamps is permissible in roads that lack lighting facilities.

Article. 49-Motorized vehicles with length of 6m or higher should have 4 small yellow-colored or red-colored lamps and anti-reflectors at both sides.

Article. 50-All equipment of motorized vehicles should at least have four yellow-colored flashlights. Two flashlights should be installed at front side and two flashlights should be installed in rear side.

Article. 51-Vehicles belonging to Traffic Police Department, Ambulance, Police Force, and Fire Stations should have two red-colored rotating lamps at their highest point. In addition, they should be equipped with siren and loudspeaker.

Other rescue vehicles should use a yellow light and a siren.

Article. 52-In cases that use of electric lamps does not agree with safety of cargo, safety and anti-reflective lamps should be used.

Article. 53-Any motorized vehicles with four or higher wheels should have two breaking systems at least. One of the systems should stop the vehicle and another system should keep the system immobilized.

Article. 54-Every motorcycle and motorized bicycle should have at least two breaking systems. One system should be installed on front wheel and the other system should be installed on rear wheel.

Article. 55-Both wheels should have, at least, a breaking system either on rear wheel or front wheel.

Article. 56-Trailers and semi-trailers with capacity of higher than 1400kg should have one breaking system.

Structuring this breaking system should be done a way that if breaking wire is cut, breaking will work and vehicle will stop.

Article. 57-Any motorized vehicle with four or higher wheels have, at least, a special mirror inside its body and an external mirror so that driver could see the vehicles at the back and side of the vehicle.

Article. 58-All motorized vehicles with 6 or more wheels should have mud remover at the back of all lamps.

Article. 59-Any motorized vehicle with front glass should be equipped with a device for cleaning rain, snow and humidity off the glass and works either independently or at the will of driver.

Article. 60-All glasses of motorized vehicles should satisfy safety requirements.

Article. 61-Installation of color glasses which limit driver's vision or use of coloring sprays which create such limitations is forbidden.

Article. 62-Installation of glasses which reflect light completely (spray or other objects with similar effects) on vehicles is forbidden.

Article. 63-All motorized vehicles should have exhaust. Modification of exhaust to create annoying noises is forbidden.

Article. 64-All chairs within motorized vehicles should have safety belts.

Article. 65-Rider of a motorcycle and the person(s) riding at the back should wear helmet.

Article. 66-All motorized vehicles should have a reflective and visible triangle (visible at 150m). Buses, trucks and trailers should have at least two triangles.

Article. 67-All vehicles used for transporting travelers should have aid boxes and fire extinguishers.

Article. 68-Motorized vehicles notified by Traffic Police Department should have speed bump.

Article. 69-Robber threads of vehicle wheels should not be less than 2mm in parts with highest level of erosion.

Chapter. 7-Laws for Transportation of Cargo and Travelers

Article. 70-Transportation of travelers and cargo is forbidden if their amounts exceed permissible capacity of used vehicles.

Article. 71-Installation of carrier and transportation of cargo at the roof of the bus or mini-bus is forbidden.

Article. 72-Transportation of explosive or similar items by vehicles typically used for transporting travelers is forbidden.

Article. 73- Passenger vehicles should have cooling or warming devices depending on the season.

Article. 74-Drivers of passenger vehicles should turn on the light inside the vehicle during night or as it gets dark.

Article. 75-Buses and school buses require a servant.

Article. 76-Drivers of cargo-carrying vehicles should use proper loading instruments to secure their cargo(s). If required, the cargo(s) should be covered. In the case a part or all of the cargo falls, the driver is in charge.

Article. 77-Length and width of cargo on cargo-carrying vehicles should not exist dimensions of their carrying section.

Article. 78-Driver or owner of cargo vehicles is responsible for compensating the damages of the road that are caused by carrying illegal cargos.

Article. 79-Weighing of cargo-carrying vehicles should be done in places with weighbridges. Drivers of such vehicles should drive them on weighbridges to be weighted precisely.

Article. 80-If weighing shows that a vehicle is overloaded, the overweight should be taken away. Driver or owner of vehicle is responsible for storing or protecting excess weight.

Article. 81-For undividable cargoes with higher capacity or volume requirement that need to be transported, free zones should issue a special license in which specifications of cargos and carrying capacity of vehicle as well as weight and dimensions of cargo, length of transportation and duration of transportation should be included.

Article. 82-Transportation of liquids should be done by tanker and transportation of liquids in half-filled tankers is forbidden.

Article. 83-Transit of explosives should be solely done through special vehicles.

Article. 84-Length and width of cargo vehicles are the ones specified in their catalogues but their capacities should be determined during process of plating.

Chapter. 8-Miscellaneous Regulations

Article. 85-While moving in pavement, pedestrians are not allowed to pass across the street suddenly.

Article. 86-In roads without pavements or roads with unusable pavements, pedestrians should move in left side of the road so that they could see vehicles coming from opposite direction.

Article. 87-Pedestrians should use pedestrian walkway for going across streets.

Article. 88-In sections without pedestrian walkways, pedestrians should pay attention to traffic light.

Article. 89-For passing across a road, pedestrians should pay attention not to walk into streets. While paying attention to traffic path of vehicles, they should select the shortest pass to go across the road.

Article. 90-The people involved in road development should wear special reflective clothes and install traffic safety signs. Otherwise, police forces have to stop their activity.

Article. 91-With exception of traffic officers, no one should stand in streets for guiding vehicles or walk on them.

Article. 92-The people on wheelchairs or children being carried on strollers are regarded to be “pedestrians”.

Article. 93-Drivers of moving vehicles should keep a good distance of vehicles before them. In roads with speed limit of 60km per hour, permissible distance is 1 meter per 1 km/h speed.

Article. 94-Motorized vehicles with higher length than 12 meter should have higher distance from their front vehicle as they pass through urban areas. In this way, the vehicles with higher speed at the back of these long vehicles could pass along them and go before them safely.

Article. 95-Vehicles that move in line collectively are subject to article 93.

Article. 96-Moving on neutral gear at downward slope is forbidden.

Article. 97-Non-admission of traveler and not taking travelers to their destiny by public transportation vehicles are forbidden.

Article.98- During driving, drivers should not smoke tobacco, drink alcohol, or eat or drink something. They should solely steer the vehicle.

Article. 99-The people who use drugs, drink alcohol or take sleeping pills should not drive as long as they are affected.

Article. 100-Rescue vehicles could do the following measures if they are on a significant mission, use special rotating lights or siren and do not cause accident:

- 1- Stopping in forbidden places
- 2- Exceeding speed limit
- 3- Passing other vehicles from right side
- 4- Passing the left side of the road
- 5- Turning around in forbidden places
- 6- Passing across red light or ignorance of other signs if rescue vehicles could reduce their speed as low as possible.

Article. 101-Rescue vehicles with siren could solely use them when they are on a quick mission.

Article. 102-School buses could use their distinctive signs while letting students get on or get off.

Article. 103-Driving an overload vehicle or a vehicle with higher than permitted number of travelers is forbidden.

Article. 104-Driving vehicles into pavement or across the public is forbidden.

Article. 105-Letting another person get on or get off external parts of the vehicle is forbidden.

Article. 106- Letting another person get on or get off carrying section of vehicles is forbidden.

Article. 107-Doors of moving vehicles should be completely closed and opening them before complete stoppage is allowed.

Article. 108-If doors of a vehicle open in a way that endangers pedestrians or vehicles, owner or driver should compensate for the losses.

Article. 109-When passing across narrow or crowded ways or in cases that 50m at front view is not visible, drivers of vehicles should drive slowly. In the case of increased probability of incidence or disrupting social order, the vehicle should either stop or move more slowly.

Article. 110-No one has the right to move or drive a vehicle without permission or a vehicle he does not own except for traffic officers.

Article. 111-No one should allow a person without driving license to drive a vehicle he/she owns.

Article. 112-When a vehicle is about to go across a railroad which has no warning device, the driver has to open the door of his/her vehicle and listen to surrounding sound. If he becomes sure that no train passes, he/she should move the vehicle on a single gear.

Article. 113-If railway officers are present in railway intersection, they should guide the vehicle through the railway.

Article. 114-Officers of railway have to block the road as long as the way is defected, there are other dangerous factors and risks have not been addressed. Movement of some types of vehicles or vehicles that lack some equipment could also be stopped by such officers.

Article. 115-Transferring corpses should be done through special vehicles unless Traffic Police Department allows it.

Article. 116-No one has the right to use passing vehicles as support while riding on a bicycle.

Article. 117-Individuals' hanging to or leaning on vehicles is forbidden.

Article. 118-No one should move on streets while skating or putting on rotating wheels.

Article. 119-No one should drop wastes, glasses, metallic parts or liquids on sideways. In general, it is forbidden to do any measures that block the way or deviate the common road of vehicles.

Article. 120-Every driver should follow traffic signs.

Article. 121-Traffic Police Department should announce that using certain personal tools by drivers or in certain vehicles is forbidden.

Article. 122-Police Force Department could cooperate with Free Zone Authority in determining apparent shape, color and equipment of any type of vehicle, depending on its use..

Article. 123-In cargo vehicles, bedroom is regarded a part of driver's room.

Article. 124-Motorcycles should not move in roads with higher speed limit than 80 km/h in 30 minutes before sunset to 30 minutes after sunrise.

Article. 125-Traffic Police Department could refer a driver to qualified medical bodies for testing if it is suspected that mental or physical health of license owner cannot properly control the vehicle.

Article. 126-No one has the right to damage traffic signs.

Article. 127- Traffic Police Department could announce that some vehicles are not authorized to use left side of the road if the road has 3 lines at least.

Article. 128-Transportation of travelers in mobile houses when those house are being dragged is forbidden.

Article. 129- Traffic Police Department should send a notice or warning letter to last address of vehicle owners. In 15 days from sending such notifications, the department presumes that owner has been duly notified.

Article. 130-If parking a vehicle blocks the road or creates danger for traffic of other vehicles, traffic officer should use proper tools to taken them to proper locations.

In this case cost of displacement and maintaining as well as legal fines should be paid by owner.

Article. 131-Starting a race between two or more vehicles, moving in a parallel manner or blocking other vehicles from going forward faster are forbidden.

Chapter. 9-Traffic Signs

Article. 132. Traffic signs used for control and setting traffic in roads of free zones should be determined by Traffic Police Department and installed in proper locations. All drivers of vehicles and pedestrians should follow such signs.

Article. 133-Control and setting traffic could be done through light, lines, drawings or officers and/or any other means. However, orders of traffic officers are superior to any traffic signs.

Article. 134-In locations where traffic is controlled by traffic light, the following colors have the following uses:

1-Green Light: Vehicles facing green light could solely turn unless turn is prohibited by any other sign. Anyway, moving vehicles should observe the regulations that states vehicles driving directly or pedestrians crossing the streets through pedestrian walkways should pass first.

2-Yellow Light: Vehicles facing yellow light should pause before going across pedestrian walkway. If such vehicles are already in intersection, they have to continue moving and passing through intersections.

3-Red Light for Complete Cessation: Vehicles facing red light should stop before crossing pedestrian walkway. If there is no walkway, the vehicle should stop 5 meters away from traffic light and wait until green light is on.

4-Yellow Flashlight for Passing Carefully: Vehicles should pass the intersection and pedestrian walkway slowly and carefully.

5-Red Flashlight for Stopping and Passing: In the case of facing red flashlights, vehicles should stop completely before entering intersection or pedestrian walkway.

Article. 135-Types of lines to be drawn on roads should be based on the samples that Traffic Police Department confirms.

Article. 136-Traffic signs should be developed and installed based on international models as annexed in "Traffic Bylaw".

Article. 137-In places with red light or any other stop signs, a green arrow beside of red light or an installed sign could

Article. 138-Installation of ads, signs or posts as well as vehicles with similar shape as those of Traffic Police Department that are used for steering and control of vehicles or cause visibility of traffic signs to be reduced are forbidden. In addition, installation of colored advertisement lights in adjacency of traffic lights, if they cause drivers to make mistakes, is forbidden. Police officers could remove such objects and fine violators for undertaken costs and inconvenience.

Article. 139-No one is right to modify traffic signs as well as traffic vehicles. This covers their content too.

Article. 140-Traffic signs with written content as well as traffic posts should be in Persian and English.

Article. 141-Those drivers who intent to turn right or right or want to stop should notify their intention in 100m before turning or cessation through traffic lights. This should be done in the following manner.

- 1- Turning right: Turning on right traffic light
- 2- Turning left: Turning on left traffic light
- 3- Stopping: Turning on right traffic light

Article. 142-For non-motorized vehicles that lack traffic lights, drivers should act in the following manner:

- 1- Turning right: Putting up left hand
- 2- Turning left: Maintain left hand horizontally

3- Stopping: Maintain left hand in downward direction

Article. 143-Declarative signs, as well as outpacing signs, are as detailed in the following manner:

- 1- Short horn sound in day
- 2- In slopes, turning on or off large lamp at front part of the vehicle or changing step during outpacing. Using traffic light for attracting attention of vehicles at the back is necessary no matter it is day or night.

Article. 144-Drivers of vehicles carrying dangerous materials should install a red sign at the back of the vehicle on which there is “Danger”.

Article. 145-When moving at night, vehicles should turn on their small front and back lights if they intend to stop beside the road and there is no sufficient light for detecting objects at 150m distance.

Article. 146-Whenever motorized vehicles moving on roads fail to continue moving, the driver should take it out of the road and park it in a place that cause no inconvenience for vehicles and pedestrians. In this cases and other cases which vehicle fails to move and it cannot be transferred to favorable location, the following measures should be done to notify other drivers.

A reflective rectangle with dimension of 30 cm at each side should be placed at 70m away from back of the vehicle so that trucks, trailers and business could view them completely.

Article. 147-When a vehicle carrying dangerous materials starts to move in suburban roads (as detailed in article 145), the driver should use a reflective triangle as well as three red electric light working on battery. The three lights should be placed at the side of, 70m after and 70m at the back of the vehicle.

Article. 148-Drivers of all vehicles should start from right line of the road. The exceptions are:

- A- Outpacing a vehicle moving at the front.
- B- When right line is blocked due to a reason.
- C- When turning left

Article. 149-In highways and freeways where there are three or more lines, consistent movement at left side is forbidden unless for outpacing or turning left.

Article. 150-In roads divided into two sections by a specific barrier or a platform, drivers have to move on right line and it is forbidden to move on left line or pass over barriers.

Article. 151-In one-sided roads, drivers should pass through legally permitted side of the road and moving in opposite direction is forbidden.

Article. 152-In squares and intersections with platforms, drivers should turn on right side of the square and/or platforms.

Article. 153-Slow-moving vehicles on plastic wheels (less than 30km.h) should move on rightest line or on lines determined for their traffic.

Article. 154-In situations where a vehicle passes before another vehicle in opposite direction, drivers of both vehicles should move on rightest line especially on roads with two lines of opposite traffic directions.

Drivers should dry to keep a definite distance between their vehicles. The distance should be equal with or higher than body length of larger vehicle.

Article. 155-In roads and regions where driving speed is not specified through signs and posts, maximum speed limit of vehicles will be determined in the following manner:

A-In cities

1-50km per hour in streets

2-20 km/h in alleys, squares and turn-arounds

Article 156-Traffic Police Department should put signs or posts in temporary roads or locations and determine speed limit. In such cases, driving with lower speed than speed limit is forbidden.

Article. 157-Drivers are not authorized to drive so slowly that traffic is disrupted except for cases of prevention from accident and risk.

Article. 158-Drivers of vehicles should reduce their speed on intersections without traffic lights, traffic officers or stop sign. This is also the case for narrow roads, turn-arounds or hills with some barriers against trafficking. In addition, during rain, fog, storm and similar events, speed of vehicle should be reduced as much as possible to reduce risk of crash.

Article. 159-Drivers who intend to outpace other vehicle moving in similar direction, should notify their intention and start outpacing on right side. In this case, the way of outpaced vehicle should not be blocked or no accident happens. Outpacing a vehicle which is turning left is allowed.

Article. 160-Drivers of outpaced vehicles should open the way for outpacing vehicles and not to increase their speed.

Article. 161-In following cases, outpacing is forbidden:

- 1- At turns and upward roads with low visibility
- 2- 50m to turns and 50m from turns, on intersections of roads or railways
- 3- In situations in which visibility is insufficient due to any reason.

- 4- Outpacing those vehicles that are outpacing themselves with exception of roads with three or more lines
- 5- For buses, trucks and trailers on urban passages
- 6- From 100m to entry of tunnels and bridges to their ends
- 7- In intersections on which specific signs on prohibition of outpacing have been installed.

Article. 162-Satisfaction of regulations on priority of pedestrians' pass is compulsory for everybody unless certain regulations or traffic signs announce otherwise.

Article. 163-Priority of pass for vehicles on intersections and squares without traffic signs and posts is as described in the following:

- 1- In intersections with equal widths and for the case of two opposing vehicles which intend to enter a single street, the vehicle which turns right should move first.
- 2- When two or more vehicles arrive at a equal-width intersection or square through two or more roads, the right of path is given to a vehicle which is at the right side of another vehicle.
- 3- In three ways, right to pass first belongs to a vehicle which is moving directly even if width of the road ahead is less than the street on which vehicle is on now.

Article. 164: In the case that highway leads to a secondary road, right to pass first belongs to a vehicle which passes through the main road. Those drivers who driver from by-way to main way should stop at their intersection. After confidence in lacking probability of crash to other vehicles moving on main road, they could enter the main way.

Article. 165: Observing regulations on right to path of those vehicles which go from private road or garage, alley, or repair stores into public pathways is compulsory.

Article. 166-A moving vehicle has the right to pass first in relation to immobile, turning or backing vehicles.

Article. 167-In pedestrian pathway, pedestrians have the right to pass first.

Article. 168-In dual-line roads, a straight-driving vehicle has the right to pass first than a vehicle which is turning left.

Article. 169-In parking lots at side of streets, the right to park first belongs to a vehicle which is concurrently backing and parking.

Article. 170-Driver of a moving vehicle who cannot see 150m ahead of him/her should act as the following manner, especially if it is night or in other situations in which light is low.

Article. 171-In streets and roads with sufficient light, small lights should be solely used. If small lamps fail, the downward light of large lamps should be used.

Article. 172- During hours of artificial lightness, if multiple chained-together vehicles move, the hidden lamps are not required to be turned on. In any case, front lights of first vehicle and back lights of last vehicle should be on.

Article. 173- Drivers of vehicles should use upward-shining lights unless the following conditions exist:

- 1- In the case of facing with a vehicle that is moving in opposing direction, driver should use downward light from a distance of 150m.
- 2- When a vehicle is driving at 150 distance from another moving vehicle unless the coming vehicle intends to outpace.

Article. 174- Rules of turning on intersections are as described in the following:

- 1- For turning right, the vehicle should be guided to the rightest line and the vehicle should pass right beside of intersection.
- 2- For turning left, the driver should notify its intention in 100m to the intersection so that before entering the intersection, the vehicle could situate itself at its center. Then, right to path first for straight-driving vehicles should be observed while they turn left with minimum speed. After entering the intended street, the vehicle should move in middle line.

Article. 175- In one-way roads, those drivers who intend to turn right should direct the vehicle to leftist side of the road and then start turning.

Article 177- If necessary, going back should be done carefully to prevent from accidents, blockage of road and immobility of vehicles.

Article. 178- Drivers of public vehicles that do not carry passengers at the time should stop at those stations that Traffic Police Department determine unless other regulations dictate otherwise.

Article. 179- All vehicle drivers should stop in authorized locations at rightmost side of streets for letting passengers in and out.

Article. 180- In residential and suburban regions, short- or long-term cessation should be done in parking lots developed at sides of the road.

Article. 181- No driver is authorized to let a vehicle with running engine at side of the road or in parking lots and walk away. In downward slopes, the front wheels of vehicle should be turned rightward after complete cessation of it.

Article. 182. Drivers of vehicles should stop driving in following cases:

- 1- In the case of crashing into rescue vehicles that have their sirens turned on, the driver should direct his/her vehicle to rightmost side of the road and stop until rescue vehicles pass.
- 2- Before entering intersections without traffic signs or officers, driver should stop initially and then cross the intersection carefully.
- 3- Before arriving pedestrian pathway and in the case that people are crossing the street, driver should stop the vehicle and invite other vehicles in the back to stop too. This should be notified by driver waving his/her left hand.
- 4- In the case of crashing into bus schools that are letting students in and out

Article. 183-Stopping in following places is forbidden:

- 1- Pavement and pedestrian pathway
- 2- Before entry of streets, roads, alleys, garages or buildings
- 3- Inside intersections
- 4- In 15m away from a square, intersection, three-ways or railway intersections
- 5- At a distance of 5m away from fire-fighting valves on streets
- 6- At a distance of 15m from traffic lights and signs at side of the road
- 7- Alleys
- 8- From beginning to end of turns
- 9- At a distance of 15m away from entries of fire-fighting garages, police stations and hospitals.
- 10- Beside of parked vehicles (double-parking)
- 11- On bridges and inside of tunnels and air passages (ways on columns)
- 12- On streets with indistinguishable pavement
- 13- On stations of public vehicles the limits of which had been highlighted by traffic signs
- 14- In locations where signs of “stop is strictly prohibited” are installed
- 15- In any part of pavement used for repair of vehicles except for those locations determined in article 146.
- 16- In locations where park meters show “parking is forbidden” either because parking time is over or the meter is not working.
- 17- On dual-line streets
- 18- On lines of highways and freeways

Article. 184-Motorcycle riders should solely sit on its chair and they cannot let any person sit at their back unless the motorcycle has a complete chair or side car for carrying another person.

Article. 185-Riding bicycles with pedal is forbidden if it lacks proper seat.

Article. 186-Riding a bicycle while two persons are sitting on a same chair is forbidden.

Article. 187-Bicyclists should:

- 1- Ride solely on right side
- 2- Move in a row if they are numerous (If they they have a special road of their own, they cannot get out of it).

Article. 188-Riding bicyclists into pavements and through crowds, markets and crowded areas is forbidden.

Article. 189-Riders of motorcycles and bicycles are not permitted to carry objects and loads while riding. In addition, they cannot do maneuvers or take their hands off steering handlebars to show off.

Article. 190-In cases unpredicted in this bylaw, the present Traffic Bylaw of Iran should be used as reference,

Article. 191-Tables¹⁵⁹ of driving fines for free zones are included in article 45 of Law on Collection of State Revenues and their Expenditure for Certain Items (passed in 1991)¹⁶⁰ proposed on the Secretariat of the Supreme Council of Free Zones and passed by Ministry of Interior Affairs.

Bylaw on Administration of Public Places of Free Trade-Industrial Zones of the Islamic Republic of Iran

**Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones
(Approved in 1994-10-01)¹⁶¹**

¹⁵⁹ Refer to approval letter on traffic and transportation violation fines of all areas of Iran and Free Trade-Industrial Zones (passed in 2011-09-25) as well as article. 21 in Law on Driving Violations (passed in 2011-02-27) as included in this set.

¹⁶⁰ Article 45 of Law on Collection of State Revenues and their Expenditure for Certain Items (passed in 1991) was substituted by article 32 of Law on Collection of State Revenues and their Expenditure for Certain Items (passed in 1999-03-19). Later on, article 32 of above law was substituted by Article 35 of Law of Driving Violations (passed in 2011-02-27).

¹⁶¹ The bylaw was numbered K94T/27114 and enforced in 1994-11-13.

Article. 1-Public Places Department of Special Police Zone is entitled to run undertaken tasks of, monitor and run regulations concerning public places of free zones.

Article. 2-The places and institutes subject to this bylaw include:

- 1- Hotels
- 2- Motels
- 3- Restaurants
- 4- Boarding Houses
- 5- Self-services
- 6- Coffee Houses
- 7- Food Stores
- 8- Barbecue Stores
- 9- Stores inside Cinemas and Theatres
- 10- Cafeterias
- 11- Confectionaries
- 12- Barber Shops
- 13- Driving Schools
- 14- Stores of Domestic and Foreign Newspapers and Periodicals
- 15- Urban Transportation Entities
- 16- Photographing Stores
- 17- Car Shows
- 18- Advertisement Institutes and Ad Producers
- 19- Car Repair Stores
- 20- Parking Lots
- 21- Tourism and Car Rental Agencies
- 22- Travelling Firms
- 23- Bookstores
- 24- Trading Firms
- 25- Workshops for Changing Oil and Flat Tires
- 26- Public Transport Agencies
- 27- Workshops for Manufacturing Clichés and Gravures
- 28- Car Spare Parts Stores
- 29- Tee Houses
- 30- Rag Shop
- 31- Reception Halls
- 32- Stores for Selling Antique and Hand-made Objects
- 33- Supermarkets and Stores for Selling Proteinous Items
- 34- Photocopy and Blueprint Stores
- 35- Tailors, Clothing Retailers and Boutiques

- 36- Agencies for Leasing Fixed and Mobile Port Cranes
- 37- Private Companies
- 38- Kindergartens
- 39- Home-made Food Stores
- 40- Kitchens
- 41- Motorcycle and Bicycle Repair Stores
- 42- Cinemas and Theatres
- 43- Car Scrapping Workshops
- 44- Car Painting Workshops
- 45- Studios
- 46- Gold and Jewelry Stores
- 47- Publication and Distribution Institutes¹⁶²

Note. Every type of similar institutes or agencies established in future will be subjected to regulations of this bylaw after authority of free zones confirms.¹⁶³

Article. 3-The entity for issuing license of unionized entities located in a free zone is authority of the zone. After receiving an application and forming a file, Administration of Public Places should issue the result of its analyses. If confirmed, a license could be issued.

Note. Review of foreign nationals' qualifications should be done by authorizes during license issuing process.

Article. 4-In each zone, Administration of Public Places should review personal qualifications of applicants in 15 days from receiving the application. The final decree should be issued to relevant authority in written form.

Article. 5-If owners of licenses for exploiting public places, as addressed in article 2, intend to outsource their internal affairs department to other persons, they should introduce the persons and their personal specifications to Administration of Public Places.

Article. 6-If license owners or managers of public places (subject to article 2 of current bylaw) violate the regulations issued by Administration of Public Places during validity period of license, the violations are reported to license-issuing entity so that it can temporarily or permanently cancel the license and conduct other required measures to warn the violators. These measures should be done according to free zones regulations.

¹⁶² Refer to Executive Bylaw of Iran's Comprehensive National Tobacco Control Law (passed by Board of Ministers in 2007-09-23).

¹⁶³ Refer to Executive Bylaw of Iran's Comprehensive National Tobacco Control Law (passed by Board of Ministers in 2007-09-23).

Article. 7-License owners of public places (as detailed in article 2) should notify complete specifications of their employees along with required documents to Administration of Public Places.

Article. 8-All employees and servants working in public places named in article 2 should have authenticated health cards issued by relevant authorities.

Article. 9-License owners operating hotels, motels, boarding houses and other similar places should issue written receipts for stuff that travelers and residents entrust to them.

Article. 10-License owners operating public places should post those regulations, bylaws and notices of Department of Public Places in Persian and English languages. These notifications should be installed on visible places.

Article. 11-If a traveler passes away while residing in public places, license owner or entity director should communicate personal specifications and room number of that person to Department of Public Places. In addition, no person should enter the place of death until relevant officers arrive in the place.

Article. 12-In order to satisfy health-related regulations of zone, owners of public places should refer suspicious servants (i.e. servants with contagious and infectious diseases such as plague, leprosy, and AIDS) to closest treatment centers of free zones and relevant entities.

Article. 13-License owners operating motels and boarding houses should have a registration book (modelled on the sample issued by Department of Public Places in free zones) for recording traffic of travelers including their name, complete address and other specifications. Such records should be delivered to the department early in the next morning.

Article. 14-License owners operating public places and boarding houses are obliged to install board of room numbers on a proper place (preferably at entry of such places).

Article. 15-License owners operating hotels, boarding houses and motels should notify Department of Public Places if children or minor figures visit such places and ask for temporary residence in them.

Article. 16-License of those who conduct or participate in following violations could be confiscated and temporarily or permanently cancelled by relevant license-issuer.

- A- Holding meetings in public places to conspire against state and national security
- B- Preparing and making arrangements for purchase and sale of opium, drugs or conducting other religiously forbidden affairs
- C- Planning and conspiring to abuse legal rules such as theft, sale or purchase of stolen properties.

Article. 17-Admission and accommodation of wicked people and law-violating criminals are forbidden.

Article. 18-In order to provide convenience for others, creating harsh sounds, conducting reprehensible behaviors and measures which damage public assets or disrupting public security are forbidden. License owners operating public places should refer violators to police officers.

Article. 19-Ranking and definition of public places should be developed and enforced by authority within each zone.

Article. 20-In public places, proper promotional themes and sentences should be selected and installed in visible locations in Persian language as well as English language (if necessary).

Article. 21-Maintaining and storing religiously forbidden materials in public places are forbidden.

Article. 22-In all public places, basic firefighting devices should be available to be used in due time.

Article. 23-Since enforcement date of this bylaw, all contrasting regulations and rules will be cancelled.

Security and Policing Regulations of Free Trade-Industrial Zones of the Islamic Republic of Iran ¹⁶⁴

**Passed by Member Ministers of the Supreme Council of Free Zones with Further
Amendments (Approved in 1994-10-01)**

Chapter. 1-Definitions

Article. 1-In this approval letter, the following abbreviated terms will be used:

Country: The Islamic Republic of Iran

Supreme Council: The Supreme Council of Free Trade-Industrial Zones of the Islamic Republic of Iran

¹⁶⁴ The bylaw was numbered K93T/27116 and enforced in 1994-11-13.

Zones: Free Trade-Industrial Zones of the Islamic Republic of Iran

Authority: Administrative Authority of Free Trade-Industrial Zones of the Islamic Republic of Iran

Security Council: Special Security Council of Free Trade-Industrial Zones of the Islamic Republic of Iran

Police Force: Police Force of the Islamic Republic of Iran

Chapter. 2-Security Regulations

Article. 2-In order to review major security events and making coordinated decisions and arrangements for prevention and addressing relevant problems, Security Council should be formed by Managing director of Authority and Head of the Board of Directors. The council will be monitored by Provincial Security Council and it should conduct the tasks detailed in article 3 of present approval letter.

Article. 3-Duties of Security Council are as detailed in the following:

- A- Collection and review of news, reports, and analyses of critical security, political and social events of free zones for exploitation of events so as develop a vantage point and predict future events
- B- Reporting security, political and social status of the zone to Provincial Security Council
- C- Determining duties and authorities of entities and organizations in regard to domestic security of the zone based on their assigned duties.
- D- Reviewing and evaluation of results obtained through decisions made in Security Council
- E- Coordination and close association with Security Council of adjacent province

Note- Since every zone is regarded a part of the town, the zone should have close association with Security Council of the town. In this regard, conflicts should be referred to Provincial Security Council.

Article. 4-Members of Security Council

- A- Managing director of authority and head of the board of directors of the zone which directs Security Council too.
- B- Representative of governor (political deputy manager or relevant governor)
- C- Commander of special police zone
- D- Head of police force in the zone (if police force is located in free zone)
- E- Director of Intelligence Organization located in the zone

4.1-Security Council offers security advices and making decisions on security affairs should be administered by managing director of the zone and head of board of directors.

4.2-Holding security council meeting should be done by invitation of managing director of authority and head of the board of directors once every month. Extraordinary meetings should be held based on suggestion of head or security council or two of its members.

4.3-If subjects reviewed in security councils are judged to be related to a distinct executive department, the highest executive representative of that department present in the zone could be invited to participate in the meeting.

4.2-Secretariat of each security council will be developed under surveillance of managing director of authority and head of board of directors. Duties of the secretariat will be developed and passed in first session of security councils. Head of secretariat will be assigned by managing director of authority and head of the board of directors

Article. 5-Meetings of Provincial Security Council that are related to a zone should be held through participation of governor, managing director of authority and head of board of directors.

Extraordinary meetings of provincial security council of each zone should be suggested by head of security council and approved by relevant governor.

Chapter. 3-Policing Regulations

Article. 6-Satisfying public convenience and security and establishing security within free trade-industrial zones of the Islamic Republic of Iran should be done by police force.

Note: For conducting its duties, police force should establish a special police zone in each free zone.

6.1-Special police force is under command of head of Police Force Department, either from hierarchical structure or institutional constitution.

6.2-The head of special police zone should be assigned based on suggestion(s) of managing director of the zone or head of the board of directors of the zone and approved by commander of Police Force Organization.

6.2-Commander of special police zone should be assigned based on suggestion of general direction of authority and head of the board of directors of the zone to be approved by Commander of Police Force Organization.

6.3-Commander of special police zone should conduct his duties and conduct relevant regulations in coordination with managing director of authority.

6.4- Commander of special police zone should coordinate his/her tasks with commander of police force department of the region.

6.5-All forces of special police zone should follow recruitment, criminal and policing regulations of police force.

Note. Personnel of special police zone should enjoy special authorities and benefits that secretariat of the zone and police force determine in a bylaw.

Article. 7-All equipment and facilities of special police zone (i.e. logistics, facilities, support and tools) should be supplied and maintained by authority of each zone.

Note. Supply and purchase of special equipment for police forces should be done by Police Force Organization.

7.1-General and specialized trainings should be determined by Police Force Organization based on post and position of personnel involved in Special Police Zone. Other additional trainings required by head of the zone should receive be assigned budget by the zone and be done in least possible time.

7.2-All equipment, tools, facilities and buildings that authority awards to special police zones are properties of free zones and should be used within geographical limit of the zone and for conducting missions assigned in the zone.¹⁶⁵

7.3-Incomes of collecting driving violation fees and fees of numbering and issuance of license that are charged by special police zone should be deposited into a common account that authority opens in one of state-owned banks. The incomes should be used for those affairs that commander of special police zone suggests and managing director of the zone approves.

Article. 8-Authorites and duties of special police zones located in free zones:

8.1-Conducting all task that regulations and approval letters of free zones as well as instructions of managing director assign to special police zones,

8.2-Enforcing regulations concerning entry and exit of foreign nationals, trafficking, public and border places within free zones based on relevant bylaws

¹⁶⁵ Based on relevant approval letter, paragraph 3 of article 7 of "Security and Policing Law of Free Trade-Industrial Zone (passed in 1996-10-04) was substituted by paragraph 3 in article 7 which states, "Incomes of collecting driving violation fees and fees of numbering and issuance of license that are charged by special police zone should be deposited into a common account that authority opens in one of state-owned banks. The incomes should be used for those affairs that commander of special police zone suggests and managing director of the zone approves".

8.3-Organization, chart and combination of personnel of special police zones should be determined based on requirements and demands of each zone and capabilities of police force.

8.4-Police Force Department should accept security-police personnel of free zones in its training centers. After training, the personnel should be recruited in special police zone of the same free zone.

Bylaw on Border Patrolling of Free Trade-Industrial Zones of Islamic Republic of Iran

**Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones
(Passed in 1994-10-01)¹⁶⁶**

Article. 1-Commander of special police zone in each zone is presumed to be border patrolling agent of Islamic Republic of Iran and is assigned as first-degree or second-degree border patrol.

Article. 2-Assignment of position of first-degree or second-degree border patrol to the commander will be done based on significance and expanse of boundary zone, common contracts and regulations of Central Border Patrol Organization of Police Force Organization.

Article. 3-For all special police zones located on water borders, a special maritime unit commanded by border patrol agent will be assigned.

A-Organizational and personnel potential and maritime navigation equipment will be determined based on condition and sensitivity of patrol area and assigned missions within free zone.

B-Personnel uniform, its shape, signs and color as well as visible specifications of maritime equipment will be similar to main personnel of other maritime units of NAJA forces.

C-All facilities, including buildings and vessels, should be supplied by authority of each zone based on standards of Police Force Organization.

Article. 4-Border patrols and stations and maritime units should technically follow instructions of Central Border Patrol Organization of NAJA.

Article. 5-If needed, entertainment-tourism facilities, special services and other similar facilities within domestic and coastal waters connected to free zones should be determined by communication of Authority of Free Zone, Ports and Shipping Organization¹⁶⁷, Police Force

¹⁶⁶ The bylaw was numbered K91T/41570 and enforced in 1994-11-12.

¹⁶⁷ At the moment "Ports and Maritime Organization".

Organization and other relevant entities. The results should be communicated to Central Border Patrol Organization of NAJA.

Article. 6-Other general tasks of border patrols are as defined in the following:

- 1- Receiving credentials from Central Border Patrol Organization
- 2- Meeting with peer patrol guards in other regions, claiming the position and starting assigned duties by offering credentials
- 3- Receiving and modification of patrol signs and obtaining sufficient knowledge of crossing border and specifications of the border
- 4- Realization of articles of trans-national and international treaties, protocols and regulations
- 5- Enforcing internal regulations of Iran and free zones concerning border patrolling
- 6- Enforcing policies of state of Islamic Republic of Iran at the border in coordination with Central Border Patrol Organization
- 7- Conducting measures required to monitor borders of Iran
- 8- Realization of rights of the state and residents at the border
- 9- Correspondence with and participation in meetings on other lands if invited to solve disputes on border issues
- 10- Leading participants in border meetings including permanent members and special experts (depending on type of event and selection of border patrols) based on border treaties
- 11- Collection of news, information and reports of political, border patrol, security, economic and cultural events, analysis of data, quick communication of news to Central Border Organization and relevant entities while conducting necessary measures
- 12- Participation in solving legal disputes, life-related and tribal disagreements between citizens of two countries who are living in border regions or addressing events rooted in border areas
- 13- Review of problems, disruptions and problems of border residents, addressing them and communication of results to Central Border Patrol Organization
- 14- Cooperation and coordination with governmental and military bodies and other entities to facilitate enforcement of legal border-related obligations
- 15- Conducting measures for returning of fleeing criminals and convicts from another country against contracts if a crime is committed on the border. If there is no bilateral contract with another country, the fleeing criminal is temporarily captured and further instructions should be received from Central Border Patrol Organization.
- 16- Conducting measures required to issue border pass licenses under different titles (passage license, autoroute license, etc.) based on common border treaties and approval letters of Board of Ministers as well as offering facilities and equipment in coordination with

national border patrols for traffic of foreign nationals of the two countries from border areas.

- 17- Conducting measures on issuing special licenses for technical experts based on bilateral treaties, coordination with patrol guards of other countries and offering facilities required by experts of both parties.
- 18- Prevention from physically aggressive acts in border areas before authorization of Central Patrol Guard Organization
- 19- Doing frequent common reviews of border signs to attain confidence in their stability against natural events and their compliance with existing standards
- 20- Development of patrol shift statistics, analyses of reports and communicating them to Central Patrol Guard Organization and Authority within any zone.
- 21- Developing immediate report of significant events at the border to Central Border Patrol Organization and Authority at free zones along with presence in the side, conducting required arrangements in the site
- 22- Conducting instructions of Central Border Patrol Organization in all border-related issues
- 23- Technical border monitoring and surveillance of all civil development works and border projects along with obtaining confidence in satisfaction of rights and benefits of the state, border residents and stopping certain activities if they go against national interests (after communication with Central Border Patrol Organization).
- 24- Technical monitoring of physical activities and executive projects at borders, assuring of satisfaction of rights and interests of state and border residents and cessation of those activities that go against bilateral treaties and international regulations
- 25- Estimating technical requirements by offering proper solutions, enhancing combatting capabilities of military units, and optimizing border control while communicating affairs to Central Border Patrol Organization
- 26- Enforcing current regulations in domestic waters and coastal waters
- 27- Reinforcing international and domestic laws (per case) in domestic seas (coastal waters)
- 28- Conducting monitoring measures to prevent from violation of national laws, including approval letters of free zones, security laws, customs regulations, and laws on immigration, health and environment and doing necessary measures for capturing and prosecution of violators in zone waters after coordination with relevant zones
- 29- Conducting necessary measures to prevent from illegal activities that are against laws and interests of Islamic Republic of Iran along with conducting measures to address violations after coordination with relevant entities
- 30- Surveillance of secure passage of ships across international waters that belong to Iran
- 31- Prevention from illegal exploitation in specified fishing areas of Caspian Sea
- 32- Commanding border stations to assure they conduct their tasks properly

Regulations on Transfer of Insurance and Pension Fees in Free Trade-Industrial Zones of the Islamic Republic of Iran¹⁶⁸

Passed by Member Ministers of the Supreme Council of Free Trade-Industrial Zones

(Passed in 1995-01-02)

Article. 1-The people who used to pay insurance fee to Social Security Organization of Free Trade-Industrial Zones could ask for transfer of their insurance fee to free zones after recruitment in free zones. However, the treatment fees of previous insurer will be deducted from total paid insurance fees.

Article. 2-The persons employed in free zones that are qualified to be insured could ask for transfer of their insurance to Social Security Organization if their new employer uses the same insurance. The previous insurer should transfer their insurance records based on national regulations.

Article. 3-Free zone authorities and Social Security Organization should offer facilitative measures for transfer of insurance records from insurance funds of free zones to Social Security Organization and vice versa. These measures should be aligned with law of transfer of insurance and pension fees (passed in 1987)¹⁶⁹

Article. 4-Resigned, dismissed or redeemed employees of ministries, organizations and state-owned entities will be subject to insurance transfer instructions of this bylaw if they are employed in free zones and receive pensions.

Article. 5-Transfer of insurance records of those employed in free zones to insurance fund of the zone is permissible if they are employed in other free zones. The procedures for transfer and determination of insurance fee should satisfy relevant regulations.

Note. When insured individual is insured in free zone and insured by another insurance fund too, his records will be transferred to insurance fund of new location of employment. Otherwise, records of service and insurance fees will be completely offered to insurance fund of the zone where employer works currently.

¹⁶⁸ The bylaw was numbered K105T/44304 and enforced in 1995-01-18.

¹⁶⁹ Refer to Law on Transfer of Pension and Insurance Fees (passed in 1986-06-17) the online version of which is available in National System of Regulations of the Islamic Republic of Iran (www.dotic.ir).

Article. 6-Recruitment records of employees in free zones, if transferred to Social Security Organization, will be accepted if insurance funds can offer all services of Social Security Organization in exchange for determined fee. Otherwise, insured people should pay the difference to enjoy similar insurance services.

Article. 7-In the case that individuals insured by Social Security Organization are employed in free zones or vice versa, their employment records will be included in insurance records if the insured have paid insurance fees during those years.

Regulations on Registration of Companies, and Industrial and Intellectual Property Rights in Free Trade-Industrial Zones of the Islamic Republic of Iran ^{170 171}

Passed by Member Ministers of the Supreme Council of Free Zones with Further Amendment (Passed in 1995-04-24)

Chapter. 1-Definitions

Article. 1-In this approval letter, the following abbreviated terms are used.

- 1.1- Country: The Islamic Republic of Iran
- 1.2- Zones: Free Trade-Industrial Zones of the Islamic Republic of Iran
- 1.3- Authority: Administrative Authority of Free Trade-Industrial Zones of the Islamic Republic of Iran
- 1.4- Law: Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran¹⁷²
- 1.5- Supreme Council: The Supreme Council of Free Trade-Industrial Zones of the Islamic Republic of Iran
- 1.6- Registration Unit: Body for registering companies, industrial and intellectual rights belonging to one of the many authorities of Free Trade-Industrial Zones

¹⁷⁰ The bylaw was numbered K15011T/2143 and enforced in 1995-05-20.

¹⁷¹ Based on article 15 of Executive Bylaw on Establishment and Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran (passed in 2006-05-22), regulations concerning registration of companies and industrial and intellectual rights in free trade-industrial zones could be applied to special economic zones too.

¹⁷² This law is also included in this set too.

- 1.7- Company or institute Branch: Branch of a company, entity of body is a real person established in zone by main company operating out of the zone. Most of its shares belongs to relevant company or institute. The new real person is a newly established company or a subsidiary
- 1.8- (Amended in 1996-07-08): Representative: Representative of a company or entity is a real or legal person assigned with certain authorities. Its obligations are of the same stance as authorizing entity.

Chapter. 2-Establishment and Determination of Duties of Registration Units (Articles 2 and 3)

Article. 1-In any zone, the authority could establish a department called “Department of Registration of Companies and Industrial and Intellectual Rights” to conduct the affairs concerning registration of companies and industrial and intellectual rights.

Article. 2-The duty of registration department is:

- Registration of companies and entities owned by Iran or foreign countries

Article. 3-any zone, the authority could establish a department called “Department of Registration of Companies and Industrial and Intellectual Rights” to conduct the affairs concerning registration of companies and industrial and intellectual rights. The duties of this department are:

- Registration of companies and entities owned by Iran or foreign countries
- Registration of trademarks and industrial brands
- Registration of inventions and industrial drawings and maps
- Registration of business books of businessmen
- Closing commercial and non-commercial offices located in each zone
- Registration of banks and credit institutes based on executive bylaw of monetary and banking operations of free zones

- Registration of insurance companies based on regulations governing free zones

Chapter. 3-Legal Formalities for Registration of Companies and Industrial and Intellectual Rights (Articles 4-18)

Article. 4-Each company or institute registered in the zone which has its headquarter in the zone will be regarded as an Iranian company.

Note. 1-Since enforcement date of this approval letter, any foreign company or institute should be recognized as a legally registered company so as to establish a representative in the zone and initiate its economic activities. The status of main company should be verified based on regulations of foreign country and recognized by diplomatic representatives of Islamic Republic of Iran.

Note. 2-Any foreign company or institute operating in free zones and conducting its economic activities through representatives or branches should apply within 3 months from enforcement of current approval letter. Otherwise, the company lacks legal stance and its founder is liable to compensate for losses of third persons.

Article. 5-Non-commercial companies and institute subjected to Business Law and other regulations of Iran could be registered in the zones if their area of activity is presumed to be legal. In any case, establishment and operation of companies in accordance to existing regulations will be possible.

Article. 6 (Amended in 1996-07-08): All real persons conducting economic activities in the zone are obliged to match their condition with articles of present approval letter and its executive instructions in 3 months from being notified by Registration Department. Otherwise, authorized entities will stop such persons from engagement in economic activities if the authority permits. Executive instructions for enforcing this article will be developed by authority in each zone to be implemented.

Note. 1 (Amended in 1996-07-08): Organization for Registration of Deeds and Property should forward, on demand, all documents of real persons whose documents it has already received to Registration Department. If such persons reside in the zone and they are licensed by relevant authority, their documents could be sent to the department. In order to prevent from registration of similar names for companies going through registration process, Organization for Registration of Deeds and Property should cooperate with registration departments of companies.

Article. 7-Registration of companies and entities in the zone could be possible if following documents are offered to Registration Department of the zone:

- 1- Registration statement
- 2- Statute of company
- 3- Meeting minute of general assembly of founders
- 4- Minute of first meeting of board of directors
- 5- Banking guarantee from one of banks located in the zone based on deposition of minimal capital
- 6- License for activity in the zone that is issued by the authority

Note. 1-In regard to foreign legal persons, offering authorization letter for establishing representative in Iran should be delivered to the authority. The letter should be written in accordance to regulations of foreign country and it should be consequently recognized by diplomatic representative of the Islamic Republic of Iran. In addition, it is essential for foreign nationals to offer Persian copies of registration license of main company and registration records if they intend to establish a representative in Iran.

Note. 2-In all cases, after reception of required documents the measures for registration of the company and issuance of license should be done.

Article. 8-Beside of name(s) and date, registration notice of branches and representatives established by foreign nationals should include the following items:

- 1- Complete name of company or entity in Persian, their abbreviations and specifications

- 2- Type of company or institute and their realm of activity
- 3- Main center and location of the company or institute outside of Iran
- 4- Nationality of company or entity
- 5- Capital of company or entity
- 6- Last financial balance of company or entity
- 7- Number of registration office, city, country and date of registration abroad
- 8- Intended activity of company or institute that intends to involve in the zone
- 9- Other branches or representatives of the company or entity in Iran and name of company managers
- 10- Headquarter of the company or entity that intends to enter Iran and assignment of qualified recipients of notices and warnings
- 11- Admission or managers of branches or representatives as detailed in license for establishment of representative or branch
- 12- Full name and residential location of managers or directors of company or institute

Note. 1- Full name, residential location and nationality of lawyer and original copy or photocopy of “power of attorney” should be detailed if application for registration of company is delivered by its lawyer.

Article. 9- Legal persons, after registration, will have legal identity. They should operate based on regulations of the zone. Registration Department of the authority should develop a stamped document certifying registration of legal persons or their representative.

Article. 10- Legal persons are obliged to communicate their intention concerning change of statute, combination of board of directors, investigators, owners authorized to increase or reduce capital or dissolution of company in a written form to registration department of every zone. Lack of communication in due time does not eliminate responsibility of legal managers in charge of such legal persons.

Article. 11- Each beneficiary could be informed of content of registration files of relevant company and attain a copy.

Article. 12- Registration departments should publicly announce establishment of company/institute or modifications in 10 days from date of registration. These affairs should be detailed in official newspapers of Islamic Republic of Iran and local newspapers. The costs should be undertaken by applicant.

Article. 13- Application for registration of brand or trademarks, patents, and industrial drawings should be done on announcement. The relevant registration department will conduct required measures in accordance to executive guideline of the authority in each zone.

Article. 14-All Iranian legal persons that are legally engaged in commercial affairs of the zone should register their name or names of their managers in business record books based on regulations of this approval letter in 3 months from engaging in such affairs.

Article. 15-Registering names of real Iranian and foreign persons in relevant records should be done in 3 copies and in 3 month from application date of those persons. The copies should include the following items:

- 1- Full name of businessman
- 2- Location and place of birth, identity no, and place where identity cards were issues, a copy of identity cards of real Iranian persons and a copy of password for real foreign persons
- 3- Main and current nationality of people if they have two nationalities as well as date and process of receiving second nationality
- 4- Date of entry into the zone, ID number and location of issuing residential license for foreign nationals
- 5- Legally acknowledged headquarter of legal persons
- 6- Registration number for closure of business offices based on article 5 of current approval letter
- 7- Field of business in Iran and abroad
- 8- Other commercial specifications of businessmen including registration ID

Article. 16-After registration, the relevant registration department is obliged to deliver a copy of stamped registration notice to applicant. Another copy should be maintained by the authority.

Article. 17-If any modifications are going to be done in application statements, three copy of new statements should be delivered to registration department of each zone and maintained in business books and records.

Article. 18-Real and legal persons registering their names based on regulations should include their registration ID in all business forms that they use.

Chapter. 4-Other Regulations

Article. 19-Closing business offices of real or legal persons should be done in accordance to instructions that authority of each zone develops. The closure notice should be signed by representative of registration department and director/manager of the business unit.

Article. 20 (Amended in 1996-07-08)- Costs of registration of companies or institutes as well as expenses of modification of registration application, trademark, patents and industrial drawings as well as registration or closure of business units should be received based on instructions and regulations that authority within the zone develops.

Article. 21-Based on request of authority, activity of violators of articles included in present document could be stopped by police force. In such cases, managers or directors of the company or entity are liable to compensate for losses of third parties.

Article. 22-Executive instructions for approval letter and relevant forms should be developed and published by authority of each zone in 1 month from date of approving this document.

From Executive Bylaw of Optimization of Farming Water Consumption¹⁷³

Passed by Board of Ministers in 1996-09-01

Article. 17-Since date of approving this bylaw, the volume of water registered by water meters will be used for determining monitoring fees for lands with deep and semi-deep wells. The farmers whose volume of water consumption is equal with optimal water consumption model, monitoring fees will be changed based on executive bylaw of Law on Far Water Distribution (passed in 1982). If volume of water consumption exceeds permitted values noted in exploitation licenses, monitoring fees as well as following compensation fees will be charged:

A-

B-1 percent added charge (1 percent out of equivalent value for products of planted lands) for 1-10 percent higher consumption of water than optimal water consumption in free zones. If level of water consumption is 10 to 25 percent higher than optimal level of consumption, 4 percent of total value of product will be charged.

¹⁷³ The bylaw was numbered H15700T/6808 and enforced 1996-09-16.

Executive Bylaw on Banking and Monetary Operations in Free Trade-Industrial Zones of the Islamic Republic of Iran¹⁷⁴

Passed by Board of Ministers in 1999-11-30 (With Further Amendment and Annexes

Chapter. 1-Definitions

Article. 1- The following abbreviated terms are used in the current bylaw:

Law: Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran and its Amendments¹⁷⁵

Bylaw: Bylaw of Article 18 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran

Central Bank: Central Bank of Islamic Republic of Iran

Supreme Council: The Supreme Council of Free Trade-Industrial Zones of the Islamic Republic of Iran

Authority: Administrative Authority in each Free Trade-Industrial Zone of the Islamic Republic of Iran

Zone: Any free zone being administered based on Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran and its amendments

Bank: Banks Authorized to Operate in Free Zones

Branch: A Unit of a Bank or Credit Institute Operating in the Zone or beyond based on Regulations

Institute: Credit Institute Licensed to Operate in the Zone

Banking Units: Banks, Financial Institutes and Credit Entities Owned by Iran or Foreign Countries with License to Operate in the Zone

Offshore Banking: Conducting Banking Operations Solely through Foreign Currencies

Representative Office: Representative Office of Banks and Credit Institutes Established in the Zone.

¹⁷⁴ The bylaw was numbered K22623T/2368 and enforced in 2000-05-16.

¹⁷⁵ The law (passed in 1993-08-29) is included in this collection.

Chapter. 2-Terms of Establishing Banks and Credit Institutes

Article. 2-Establishing banks and institutes, conducting banking operations and using the name of bank or institute in financial transactions are possible through satisfaction of relevant regulations, bylaws and instructions.

Note-Banking units licensed to conduct banking activities abroad should use the term “offshore” beside of their names.

Article. 3-Registered banks and units operating on foreign capital, domestic capital or both will be regarded as Iranian banks or institutes if their headquarters are also located in the same free zones.

Article. 4-Establishing banks or institutes and their representative and branches should be suggested by relevant authority and confirmed by Money and Credit Council.

Note. 1-Statutes for establishing banks and credit institutes and consequent modification of their statutes should be based on current bylaw and amendment to Business Law passed in 1968.

Note. 2-Establishing public or limited banks or institutes is possible by satisfying articles of this bylaw and regulations included in amendment to Business Law (passed in 1968).

Note. 3 (Amended in 2009-05-13)-Central Bank of Islamic Republic of Iran should make proper arrangement to issue banking license in 1 month from date of receiving authority’s suggestion for establishing a bank or institute. In the case of denial of suggestion based on existing regulations, the issue should be communicated to the authority. The period that applicant attempts to deposit initial capital and deliver it to Central Bank of Islamic Republic of Iran will not be included in the deadline.

Article. 5-Registration of banks or institutes or branches of foreign banks in the zone is dependent on issuance of license based on article 4 of current bylaw. The authorized offices cannot conduct banking operations and transactions.

Article. 6-Bank branches established in the zone before approval of this bylaw do not require to reapply for a new license. However, they should match their activity with articles of this bylaw and its instructions.

Article. 7-Minimum capital of banking units operating in the zone are as detailed in the following:

A- Bank: At least 35 billion IRR (35.000.000.000 IRR) all delivered to Central Bank in cash.

- B- Institute: At least 15 billion IRR (15.000.000.000 IRR) all delivered to Central Bank in cash
- C- Branches of Foreign Banks or Institutes: At least 10 billion IRR (10,000,000,000 IRR) all paid to Central Bank in cash.
- D- Offshoring Banking Units
 - 1- Bank: At least 10 million dollar (10.000.000 USD) all delivered to central bank in cash.
 - 2- Institute: At least 5 million dollar (5.000.000 USD) all delivered to Central Bank in cash
 - 3- Branches of Foreign Banks or Institutes: At least 3 million USD (3,000,000 USD) all paid to Central Bank in cash.

Note. 1- Issuing license for establishing bank units operating on foreign capital (subjected to paragraphs A, B and C) is dependent on emerging receipt of delivering foreign currency to one of the banking units in free zones. The amount should be equal with capital of foreign nationals.

Note. 2- The money deposited to Central Bank could be used by these units after registration of banking units and delivering relevant documents.

Note. 3 (Amended in 2009-05-13): Changing minimum capital of banking units should be suggested by Central Bank of Islamic Republic of Iran approved by Money and Credit Council.

Article. 8- Banks and institutes operating in the zone could establish branches after receiving approval of authority and Central Bank of Islamic Republic of Iran.

Chapter. 3- Currency System of Free Zones

Article. 9- Buying and selling all currencies against IRR and conducting transactions through currencies by real and legal persons are free.

Article. 10- Transfer of all foreign currencies by real or legal persons from foreign countries into the zones and vice versa is possible.

Note. 1- Such transfers (inward and outward by real or legal persons) will be subject to currency regulations of the country.

Article. 11- Rate of purchasing and selling currencies in free zones and converting them into IRR units will be determined in free market.

Chapter. 4- Terms of Activity

Article. 12-Banks, institutes and branches of financial institutes could start their operation after receiving license based on article 4 of current bylaw and registration in Registration Department of the zone. Before starting their operation, the entities should offer the following documents:

- Registration add in official newspaper
- A copy of registered statute
- Notification of legally verified location

Article. 13-Regulations concerning activity of banking units in the zone are as described in the following:

- A- All banking units operating in the zone will be subject to regulations of this bylaw and relevant instructions.
- B- All banking units located in Iran that use IRR in their transactions will be subject to Islamic banking regulations. In their transactional activities, these units are not authorized to satisfy international banking procedures.

Article. 14-Monetary and credit regulations developed by Central Bank to monitor banking units aim at encouraging investments in these regions and maintaining competitive position of these entities in the world.

Note. 1 (Amended in 2009-05-13): Commercial banks of Iran should make the arrangements for establishing at least one independent branch and award the branch maximum authority for offering highest number of services to foreign and domestic investors.

Note. 2 (Amended in 2009-05-13): In contracts for leasing land, the authority should explicitly state that if bank notifies the authority that purchaser cannot satisfy intended financial obligations, authority could cancel the contract and transfer the property to bank to contribute to compensation of losses.¹⁷⁶

Article. 15-Offshore banking units are not authorized to conduct their banking operations in IRR.

Article. 16-For transaction in foreign currencies, banking units should receive relevant license(s) from Central Bank. These units could also apply for license of conducting foreign currency transaction during their process of authentication by Central Bank.

Article. 17-Banking units with license to conduct transactions in foreign currencies could offer the following services and operations depending on the license they receive:

¹⁷⁶-From Bylaw on Assignment of inessential Properties and Entertainment Sites of Banks (passed in 2008-01-20): Note 3 in Article 3: Purchase of residential sites (except for those located in economically deprived and free zones) by banks is forbidden from date of enforcing the current bylaw.

- 1- Establishing brokering relations with other banks
- 2- Finalizing different monetary transfers for oneself or clients
- 3- Conducting currency sale or purchase transactions in cash
- 4- Maintaining current and deposit accounts
- 5- Maintaining different types of accounts for specific period of time
- 6- Receiving different types of credit loans
- 7- Issuing, purchase, sale, applying for and maintaining securities and bonds
- 8- Awarding different types of credit loans
- 9- Purchase and guaranteeing different types of commercial documents
- 10- Conducting all affairs associated with investment based on clients' account
- 11- Management of properties and offering investment services based on clients' account
- 12- Conducting all trust-based services and other managerial affairs
- 13- Other authorized banking operations

Note. 1-The institutes are not authorized to maintain foreign-currency current accounts for their clients.

Article. 18-In international banking operations, fee of banking operations, interest of credit loans and interest on typical loans will be determined based on free market conditions.

Article. 19-Except for offshore banking units, all banking units could make the following arrangements based on Law of Usury-Free Banking Operation and other banking regulations;

- 1- Opening interest-free saving and current accounts
- 2- Opening long-term investment accounts
- 3- Distribution of bonds
- 4- Receiving credit-based loans from real and legal persons

Note. Credit entities are not authorized to open current deposit accounts in IRR units.

Article. 20- Except for offshore banking units, all banking units could offer loans in IRR based on Law of Usury-Free Banking Operation and other banking regulations.

Article. 21- Except for offshore banking units, all banking units located in the zone could do other banking operations based on articles of their statute.

Article. 22-In free zones, banks and institutes are not authorized to increase their capital through reevaluation of their assets.

Article. 23-Banks, institutes and branches of foreign banks and institutes should always deliver some of their received deposits to Central Bank in the amount and type determined in relevant regulations. Amount and type of currency for guarantee deposits in Central Banks could vary based on type of deposit and activity of banks and institutes.

Note. Central Bank should agree to pay interest on guarantee accounts depending on type of currency.

Article. 24- Banks, institutes and branches of foreign banks and institutes should save a part of their annual profit in the form of guarantee deposits. Amount of these deposits should be at least 15 percent of special interest. Adding to the deposit is arbitrary if amount of this account is equal with original capital.

Article. 25-In free zones, assets and debts in foreign currency should be valued based on free market rates at the end of each financial period. Differences should be interpreted as financial loss or profit at the time of valuation (deadlines could be 1 year or less).

Article. 26-Banking units located in free zones are not authorized to receive their own share as guarantee for awarded loans.

Article. 27-Banks and institutes are not authorized to the following operations:

- A- Purchase and sale of products to do business except for enforcing Law of Usury-free Banking and for cases of satisfying internal requirements.
- B- Trade of intangible assets except for those banks and institutes whose primary objective is conducting such transactions. These trades should not exceed the limit set by Central Bank
- C- Offering credit loans to managing director and members of the board of directors as well as companies in which these bank agents are beneficiaries (to an amount exceeding that passed by Central Bank).
- D- Offering credit loans to members of board of directors, managers of zone and members of managerial and investigation subsidiaries of Central Bank unless there are excluding regulations passed by Central Bank.

Article. 28-If capital of banks and institute gets lower than minimum value determined in article 8, it should regain the threshold in less than 6 months.

Chapter. 5-Regulations concerning Surveillance of Banking Units in Zone

Article. 29-All banks, institutes and branches of foreign banks and institutes located in free zones will be under surveillance of Central Bank. In addition to satisfying following regulations, they should offer the information required by Central Bank:

- 1- Satisfying monetary and credit policies developed by Central Bank
- 2- Returning legal deposits for periods of time and forms determined by Central Bank
- 3- Developing and maintaining title of accounts and financial statements based on the procedure affirmed by Central Bank
- 4- Satisfaction of standards and regulations of Central Bank regarding sufficiency of capital

- 5- Forwarding intended statistics and information based on forms and for periods of time determined by Central Bank
 - Summarizing financial book and statements of legal (guarantee) deposits
 - Developing financial statement including balance sheet and profit and loss account to be approved by accountants accredited by Central Bank
- 6- Other information required by Central Bank at any time. This information are confidential and should not be partially or completely published.
- 7- Cooperation with and offering information to investigators of Central Bank visiting with a written decree.

Article. 30-Based on decision of Central Bank, if resumption of activity of a banking unit in the zone is accompanied by risks, Central Bank could appoint an investigator in that banking unit.

Chapter. 6-Miscellaneous Regulations

Article. 31-Members of board of directors, managing director and deputy director of banks and credit institutes as well as heads of Iranian and foreign banks and institutes should be confirmed by Central Bank in terms of expertise and from technical viewpoint.

Article. 32-In the zone, banking units are responsible for compensating losses that clients undergo due to their operations.

Managing directors and members of the board of directors of each bank or institute should compensate for losses of shareholders and clients that result from violation of regulations or statutes.

Article. 33-In order to facilitate exchange of checks and banking documents, chamber for exchange of banking documents should be established in the zone by confirmation of Central Bank. The operating expense of the chamber will be undertaken by such units.

Article. 34-Methods of maintaining documents, books and papers, addressing violations and conducting measures for dissolution and bankruptcy of banking units and other unpredicted cases should be determined based on Monetary and Banking Law (passed in 1973).

Article. 35 (Amended in 2009-05-13): Guidelines and directives¹⁷⁷ of monetary and banking issues of free zones will be developed by Central Bank of Iran in cooperation with Secretariat of the Supreme Council of Free Trade-Industrial Zones.

The text substitutes for approval letter no. H 17992T15866 enforced in 1997-05-21.¹⁷⁸

¹⁷⁷ Refer to Executive Bylaw of Money and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran passed by Money and Credit Council in 2000-09-03

Regulations of Establishment and Activity of Insurance Institutes in Free Trade-Industrial Zones of Islamic Republic of Iran

Passed by Member Ministers with Further Amendments (Approved in 2000-08-23)¹⁷⁹

Chapter. 1-Definitions

Article. 1-In this bylaw, the following abbreviated terms will be used:

A-Free Zones: Free Trade-Industrial Zones of Islamic Republic of Iran

B-Other Parts of Country: Islamic Republic of Iran with Exception of Free Zones

C-Zone: Every free zone

D-Authority: Administrative Authority in Free Zones

E-Institutes Addressed by this Article: All Institutes named in article 2 of current bylaw

F-Insurance Institutes: Insurance entities authorized based on this bylaw to operate in the zone

G-Mutual Insurance Institutes: Insurance entities that offer their mutual insurance services to members only.

H- Insurance Brokerage Firm: A legal person who mediates insurance fees in exchange for a certain fee or a an insurance entity between certain parties that solely offers insurance services

I-Brach: A subsidiary of Iranian insurance entities that are operating based under title and based on duties of main entity in free zones

J-Insurance Representative: A legal or real person which conducts some or all duties of contracted insurance activity based on regulations of this bylaw. There should be a contract of representation between insurance representative and main entity.

Chapter. 2-Establishment

¹⁷⁸ Here, reference is to Executive Bylaw of Money and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran passed by Money and Credit Council in 1996-12-23.

¹⁷⁹ The relevant bylaw was numbered H22117T/24117 and enforced in 2000-08-29.

Article. 2-Insurance operations and insurance contracts in free zones should be solely offered by those entities that receive license from Central Insurance of Iran based on regulations of current bylaw. These entities should be established through one of the following methods:

- 1- Iranian insurance cooperation or cooperative with Iranian or foreign real-person and legal persons' participation holding the whole shares.
- 2- Insurance representative or insurance brokerage

Note. 1-Establishing a branch by insurance entities in free zones will be permissible if relevant regulations in this bylaw are observed.

Note. 2-Awarding insurance representation to real persons is possible by considering regulations that Supreme Insurance Council approves¹⁸⁰.

Note. 3 (Amended in 2003-08-27): Iranian insurance bodies addressed in Law of Establishment of Central Insurance of Iran and Insurance¹⁸¹(private and state-owned) are authorized to operate in free zones in the following manner:

- A- Establishing branch or representative by observing Law of Establishment of Central Insurance of Iran and Insurance
- B- Establishing insurance entities through participation of Iranian or foreign real or legal persons based on regulations of this bylaw¹⁸²

Note. 4 (Amended in 2003-08-27): Regulations for establishing and limiting activities of insurance entities should be determined and announced by Central Insurance of Iran.

Article. 3-Entities licenses under this bylaw to operate in the zone are authorized to offer insurance services to residents. Insurance subjects and cases agreed upon in other parts of the country as well as insurance contracts for transportation of imported products to other parts of the country signed in Iran have the same stance. The sole exception is coinsurance operations.

Note. 1-Insurance entities solely authorized to conduct their insurance activity in the zone directly cannot accept coinsurance of other insurance entities located in other parts of the country.

¹⁸⁰ Refer to Bylaw on Regulations of Licensing Insurance Representation of Real Persons (passed in 2003-06-24) approved by Supreme Insurance Council.

¹⁸¹ Refer to Law on Establishment of Central Insurance of Iran and Insurance (with further amendments) passed in 1971-06-20 that is available online in National System of Regulations of Islamic Republic of Iran (www.dotic.ir).

¹⁸² Previous note-Activity of insurance branches and representatives in other parts of the country as well as free zones will be possible if regulations in Law on Establishment of Central Insurance of Iran and Insurance as well as other dominating regulations are observed properly.

Note. 2-In regard to insurance of assets and responsibility (except for insurance of persons), insurance entities could act based on this bylaw and relevant regulations of special economic zones.

Note. 3-Issuance of insurance form by insurance companies operating in free zones is permissible in other parts of the country if other Iranian insurance companies fail to offer them. Central Insurance of Iran should, within 3 months from approval of these regulations) develop a list of permissible insurance activities in the mainland. The result should be communicated to authorities.¹⁸³

Article. 4-Minimum capital requirement for establishing insurance institutes, brokerages and representatives are as announced in the following:

- 1- Direct insurance companies should be established with minimum capital of 15.000.000.000 IRR half of which should be paid in cash.
- 2- Mutual insurance companies should be established with minimum capital of 200.000.000 IRR half of which should be paid in cash.
- 3- Coinsurance entities should be established with minimum capital of 85.000.000.000 IRR half of which should be paid in cash.
- 4- Insurance representative or brokers should be established with minimum capital of 300.000.000 IRR half of which should be paid in cash.

Note. 1-Any modification of amounts included in this article should be done once every two years based on common suggestion of the Supreme Council of Free Zones and Central Insurance of Iran and approval of Board of Ministers.

¹⁸³ Approval letter of head of Central Insurance of Iran in regard to permissible subjects and items of insurance in mainland:

Mr. Nasiri Consultant of President and Head of Secretariat for the Supreme Council of Free Zones

Respectfully, regarding enforcement of note. 3 of article 3 from Law on Establishment and Activity of Insurance Institutes in Free Trade-Industrial Zones of Islamic Republic of Iran passed by Board of Ministers in 2000-08-23, the following subjects and items of insurance are permissible:

- 1-Personal treatment
- 2-Professional liability of top directors
- 3-Environmental pollution
- 4-Computer Insurance
- 5-Disability of artists and industrial experts
- 6-Theft of artistic works
- 7-Unemployment insurance
- 8-Fishes and poultry mortality
- 9-Mortality of honey bee and silkworms
- 10-Insurance of farming products
- 11-Credit-based personal insurance

Note. 2-Foreign shareholders of entities addressed in this bylaw should pay their IRR-denominated share in currencies determined by Central Bank of Iran or offer a currency conversion license,

Note. 3-The capital minimums addressed in this article should be deposited to one of the banks confirmed by Central Bank of Islamic. The banks should have a branch in free zones preferably.

Chapter. 3-License of Registration and Operation

Article. 5 (Amended in 2003-08-27): Registration of entities subjected to this bylaw within free zones is dependent on issuance of registration license by Central Insurance of Iran. Consequent modifications of statute of management, minimum capital requirements and shares of registered entities should be approved by Central Insurance of Iran.

Article. 6-In order to apply for license of registration, the following documents should be delivered to Central Insurance of Iran:

- Statute of institute
- Capital of institute and its receipt or license of payment obligation
- Cash and credit share and way of paying them
- List of shareholders, investigators and managers as well as their nationality and number of shares
- Documents and other information which point to financial and technical qualification of institute and its managers' goodwill.

Note. 1-The issued registration license will be valid for 6 months. In the case that institute is not registered before deadline, another registration license should be applied for.

Article. 7-Central Insurance of Iran should verify the application within 30 days from date of delivering requested documents and information and offer the result to authority in written form. The verification process should be done based on article. 28 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1994)¹⁸⁴ and regulations of current bylaw.

Note. 1-If the applicant protests against the comment, he/she/it should appeal to general assembly of Central Insurance Organization in 30 days. The decision that assembly makes is absolute and enforceable.

Article. 8-After receiving license for registration of institute in the zone, Central Insurance of Iran should issue operation license for coinsurance and/or one or more types of direct insurance.

¹⁸⁴ The law was passed in 1993-08-29 and it is included in this collection.

Chapter. 4-Cancellation of License and Limitation of Activity

Article. 9-Operation license issued by Central Insurance of Iran will be void partially or wholly in the following cases:

- A- If demanded by license owner
- B- If institute does not start its operation in the zone in 1 year from receiving operation license.
- C- If institute is bankrupt
- D- If Central Insurance of Iran and Supreme Insurance Council judge that an institute is not able to fulfill its obligations or its operation leads to huge losses of the insured, insurers and shareholders.
- E- Other cases predicted in this bylaw

Article. 10-In cases in which institutes addressed in this bylaw act against their own statute or regulations of this bylaw, the institute will be prohibited from involvement in certain insurance fields or coinsurance temporarily or permanently. The violations should be confirmed by authority in each zone and prohibitions should be offered by Central Insurance of Iran and passed by Supreme Insurance Council

Article. 11-Issuance and cancellation of operations of institutes addressed in this bylaw, temporary prohibition of institutes from operation and information that are deemed to secure interests of insurers and shareholders should be published in official newspapers of Iran (with national distribution) and one of mass-published newspapers of Tehran for two times with interval of 1 month. The costs should be covered by relevant institute.

Article. 12-If operation license of an insurance institute is permanently invalidated for one or multiple fields of coinsurance, some arrangement could be made that interests of insurers, insured and shareholders could be secured. The arrangements should be suggested by Central Insurance of Iran and approved by Supreme Insurance Council.

Among these arrangements, transfer of portfolio of institute as well as relevant documents on its obligations to another authorized institute should be done.

Chapter. 5-Operation

Article. 13-Insurance institutes subjected to this bylaw should maintain records of their legal and technical resources and determine their application explicitly.

Types of legal and technical resources for each field of insurance, procedures for calculating them, way of applying these deposits and resources as well as capital of the institute and way of evaluating tangible and intangible assets that represent financial resources of such institutes should be determined based on instructions that Supreme Insurance Council approves.¹⁸⁵

Article. 14-Insurance institutes addressed by current bylaw should coinsure 10 percent of all of their direct insurance transactions in Central Insurance of Iran. The Central Insurance of Iran has fully authority whether to accept or deny the coinsurance options.

Note. Insurance fee and other terms should be based on instructions that Central Insurance Council approves.

Article. 15-Assets of insurance institutes addressed in this bylaw as well as deposits and resources detailed in article 13 will act as guarantee for rights and obligations of the insured, insurers and shareholders. If the institute is dissolved or bankrupt, insurers, the insured and shareholders should be compensated before other creditors.

Note. 1-Among different fields of insurance, life insurance is prioritized.

Note. 2-The institutes mentioned in this article cannot use their assets for attaining certain privileges, mortgage them or make them a part of their transactions unless agreed by Central Insurance of Iran.

Note. 3-During transactions detailed by note. 2 of this article, official registration offices should detail the content of agreement of Central Insurance of Iran in relevant documents based on article 60 of Law on Establishment of Central Insurance of Iran and Insurance¹⁸⁶.

¹⁸⁵ Refer to following approved laws of Supreme Insurance Council:

1-Bylaw no. 45 of instructions on legal reserves and deposits of insurance institutes operating in free Trade-Industrial zones of Islamic Republic of Iran (passed in 2003-05-20)

2-Bylaw no. 46 of instruction on technical reserves of insurance institutes of free trade-industrial zones of Islamic Republic of Iran (passed in 2003-05-20)

¹⁸⁶ Article 60 of Law on Establishment of Central Insurance of Iran and Insurance (passed in 1971-06-20): Assets of insurance institutes addressed in this bylaw as well as deposits and resources detailed in articles 36 and 46 will act as guarantee for rights and obligations of the insured, insurers and shareholders. If the institute is dissolved or bankrupt, insurers, the insured and shareholders should be compensated before other creditors. Among different fields of insurance, life insurance is prioritized. The institutes mentioned in this article cannot use their assets for attaining certain privileges, mortgage them or make them a part of their transactions unless agreed by Central Insurance of Iran. In the case of conducting such transactions, official registration offices should include items of agreement with Central Insurance of Iran in relevant document.

Article. 36-Iranian insurance institutes should be established with minimum capital of 100.000.000 IRR half of which should be paid in cash. The amount of guarantee for operating in an insurance field should be defined by Central Insurance of Iran and passed by Supreme Insurance Council.

Article. 16-Insurance institutes detailed in this bylaw should publish their balance sheet and profit and loss statement in one of the newspapers mass-published in Tehran.

Article. 17-The institutes that are subject to this bylaw should communicate any change in major shareholders, managers and investigators (auditors) of the institute to Central Insurance of Iran in 2 weeks.

Article. 18-Persons living in Iran or abroad who are accused of murder, theft, malversation, fraud, embezzlement or complicity in the crimes mentioned above as well as bankrupts (due to misdeed) cannot be among founders or directors of institutes covered in this bylaw.

Article. 19-Insurance institutes, addressed in this bylaw, should follow this bylaw and articles 51-59 of Law on Establishment of Central Insurance of Iran and Insurance ¹⁸⁷ in regard to integration and transfer of operations, dissolution and bankruptcy.

It should be noted that minimum capital determined in above article (article. 36) was changed in 1977-12-03 as detailed below.

Minimum capital of private insurance institutes subjected to article 36 of Law on Establishment of Central Insurance of Iran and Insurance (passed in 1971) is as detailed in the following,

1-Life insurance companies (160.000.000.000 IRR)

2-Non-life insurance companies (160.000.000.000 IRR)

3-Companies offering life insurance and other insurance options (280.000.000.000 IRR)

4-Coinsurance companies (400.000.000.000 IRR)

Non-governmental insurance companies should match above requirements in 2 years.

Article. 46-Foreign insurance companies should deposit certain amounts to Central Insurance of Iran so as to be authorized to offer life insurance and other types of insurance. The amounts should be suggested by Central Insurance of Iran and approved by Supreme Insurance Council.

The guarantee for life insurance or other types of insurance should not be less than 500.000 USD or equivalent amounts in other currencies.

Every foreign insurance institute should annually add its income to the guarantee until the guarantee becomes at least twice of the amount approved by Central Insurance Council.

Request for additional guarantees is arbitrarily.

¹⁸⁷ From Law on Establishment of Central Insurance of Iran and Insurance (approved in 1971-05-24):

Article. 51-If an insurance institute becomes bankrupt, the relevant court of justice should ask for judgment of Central Insurance of Iran before making any decision. Since date of receiving notification letter, Central Insurance of Iran should deliver its written idea concerning the case in 15 days. Based on content of correspondence, court of justice will make final arrangements.

Article. 52-Invalidation of license of an insurance institute in all of its insurance fields is regarded as instance of dissolution. In this case, article. 44 should be enforced.

Article. 53-Addressing issues of a bankrupt insurance institute should be done based on Business Code. In regions where there is no Bankruptcy Settlement Office, the court could assign Central Insurance of Iran as substitute of Bankruptcy Settlement Office. In regions where there is such offices, Central Insurance of Iran and relevant office should settle the claims.

Part. 3-Transfer of Operations and Mergers

Chapter. 6-Surveillance

Article. 20-Central Insurance of Iran could monitor activity of institutes addressed in this bylaw based on regulations of this bylaw.

Article. 21-Institutes addressed in this bylaw have to conduct the following measures if needed;

- A- Develop and maintain their financial statements based on the sample that Central Insurance of Iran offers and Central Insurance Council approves.¹⁸⁸
- B- Deliver a version of financial statements that have been approved by authorized auditors (selected by Audit Organization) or authorized international auditors to Central Insurance of Iran in 6 months from end of financial period.
- C- Develop statements on status of annual insurance operations based on the sample that Central Insurance of Iran offers and deliver them to Central Insurance of Iran in 3 months from end of financial period
- D- Offer other information such as periodical statistics that Central Insurance of Iran demands for proper surveillance on satisfaction of current bylaw.
- E- Cooperate with investigators showing up with written decree issued by one of the members of Central Insurance of Iran. The mission should be pre-notified to the Supreme Council of Free Zones. Investigator's required information should be offered in due time.

Article. 54-Following agreement of Central Insurance of Iran and approval of Supreme Insurance Council, insurance companies could assign a part or all of their portfolios (along with relevant rights and obligations) to one or more authorized insurance institutes.

Article. 55-Demand for transfer of portfolios from one insurance institute to other institutes should be announced twice and with 10 day interval in official newspapers of Iran and Tehran and if necessary one of the local newspapers. This should be done by Central Insurance of Iran but the costs should be undertaken by applicant.

Article. 56-In 3 months from last notification in official newspapers and after confidence in satisfaction of rights of insurers, the insured and shareholders, Central Insurance of Iran could communicate its agreement with transfer of portfolio to demanding insurance institute in written form.

Article. 57-If Central Insurance of Iran agrees with transfer of portfolio, the transfer will be valid for all insurers, shareholders and the insured since date of transfer.

Article. 58-If they satisfy articles. 55-57, one or multiple insurance institutes could merge with another insurance institute. The mergence should be applied by Central Insurance of Iran and Supreme Insurance Council.

Article. 59-In order to protect rights of shareholders, insurers and the insured, Central Insurance of Iran could consider economic considerations and agreement of Central Insurance Council as well as General Assembly of Central Insurance of Iran to make a definite insurance institute merge with another one. If merger is not done, operation license of the institute with less favorable administrative or financial condition will be invalidated. The decision will be notified to intended institutes in written form and relevant details will be publicly communicated in national newspapers, mass-printed newspaper in Tehran and one of the local newspapers (if needed).

*1-For review of all insurance regulations, refer to insurance collection published by this department,

¹⁸⁸ Refer to bylaw no. 49 on sample of financial statements of insurance institutes in Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 2003-06-24) included in this collection

Note. Insurance institutes that offer long-term life insurance should satisfy above regulations and make proper arrangements for review of technical accounts and reserves to be consequently approved by technical auditor assigned by Central Insurance of Iran.

Article. 22-Accountants of insurance institute addressed in this bylaw should conduct their legal and professional obligations. In addition, they should express their idea concerning proper execution of regulations included in this bylaw in their final report.

Article. 23-In the case of observing any violation by insurance institutes from regulations of this bylaw, Central Insurance of Iran should inform the institute and relevant authority in written form and determine proper deadlines for addressing such violations.

In case that such violations are not addressed in due time or violation is repeated, Central Insurance of Iran should issue a written warning and then it should act based on article 10 of current bylaw.

Article. 24-Net value of assets (rights of shareholders) for insurance institutes addressed in this bylaw should not be less than largest value determined for following paragraphs:

- A- Ninety percent of minimum capital paid based on regulations of this bylaw
- B- Ten percent of total insurance fees charged at last financial year multiplied by ratio of maintaining losses in the period
- C- 14.3 percent of annual mean of total losses in previous three financial periods multiplied by ratio of maintaining loss in the period

Note. Ratio of maintaining loss in the period is

Total losses created during relevant period divided by total losses generated after deduction of losses caused by share of co-insurers

Article. 25-In the case that lower limits determined in article 24 of current bylaw are not realized, insurance institute should offer its plan for attaining lower limits in 3 months from end of deadline. The plan should be approved by Central Insurance of Iran. Otherwise, based on regulations included in this bylaw, Central Insurance of Iran will make arrangements for limitation of activity or cancellation of license of insurance institute. In general, determined period of time for enforcement of the project should not exceed 1 year.

Article. 26-Insurance institutes addressed in this bylaw should maintain and invest all of their debt-based assets, insurance operation reserves, capital and incomes in free zones or other parts of the country.

Note. 1-Maintaining a part of assets described above in foreign countries could be authorized after confirmation of authority and agreement of Central Insurance of Iran.

Chapter. 7-Miscellaneous Regulations

Article. 27-Insurance institutes, representatives and official brokers should compensate for losses that fulfillment of their obligation or their or their employees' misdeeds bring upon. Any insurance institute that lacks the license to enter certain insurance fields but accept insurance fees for those fields is obliged to compensate for the losses.

Article. 28-Central Insurance of Iran should oblige the authority to stop those persons that start insurance/co-insurance activities without obtaining license from relevant authorities. If needed, Central Insurance of Iran could prosecute such violations based on article 21 of Law on Registration of Companies and Industrial and Intellectual Rights in Free Trade-Industrial Zones of Islamic Republic of Iran passed by the Supreme Council of Free Zones¹⁸⁹ (passed in 1995-05-14) and other regulations. The prosecution should be enforced by relevant authority.

Article. 29-In meetings of members of Supreme Insurance Councils regarding decision on establishment or activity of insurance institutes, head of Supreme Insurance Council should ask secretary of the Supreme Council of Free Zones or his/her representative to participate in such meetings. In these meetings, secretary of the Supreme Council of Free Zones or his/her representative will have right to vote.

Article. 30-Activity of institutes addressed in this bylaw should follow regulations of current bylaw. In unpredicted cases, arrangements should be made based on amendment to Business Code.¹⁹⁰

Article. 31-Since approval date of this bylaw, all opposing regulations imposed on the zone will be cancelled.

Executive Guideline for Monetary and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran¹⁹¹

¹⁸⁹ The relevant approval letter was included in this set.

¹⁹⁰ To see the regulations, refer to "Collection of Business Regulations" published by the department.

¹⁹¹ The relevant bylaw was numbered H/362 and enforced in 2000-09-09.

Approved by the Money and Credit Council in 2000-09-03.

Based on Monetary and Banking Law of Iran (passed in 1972)¹⁹², Usury-free Banking Operation Law (passed in 1983) and Executive bylaw for article 18 of Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran passed by Board of Ministers (approved in 1999-11-30)¹⁹³, the Executive Guideline for Monetary and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran was approved in a meeting of Money and Credit Council (on 2000-09-03) was approved. The guideline includes 105 articles and 41 notes.

Section 1: Definitions

Article. 1-The phrases used in the present Executive Guidelines have the following meanings:

Iran: The Islamic Republic of Iran.

Act: The Law on the Administration of the Free Trade-Industrial Zones of the Islamic Republic of Iran.¹⁹⁴

Bylaw: The Administrative Bylaw governing Article 18 of the Law on the Administrations of the Free Trade-Industrial Zones of the Islamic Republic of Iran.¹⁹⁵

Guidelines: The Executive Guidelines for the Monetary and Banking Operations in the Free Trade-Industrial Zones of the Islamic Republic of Iran.

Central Bank: Central Bank of Islamic Republic of Iran.

Supreme Council: The Supreme Council of the Free Trade-Industrial Zones of the Islamic Republic of Iran.

Authority: The organizations in charge of the administration of each of the Free Trade- Industrial Zones of the Islamic Republic of Iran.

Zone: Each of the Free Trade-Industrial Zones of the Islamic Republic of Iran.

Institution: A credit institution which is permitted to operate in a zone.

Bank: A bank which is permitted to operate in a zone.

¹⁹² For more information of laws of “monetary and banking bodies” published by press of this department.

¹⁹³ The bylaw has been included in this collection.

¹⁹⁴ Refer to Law on Administration of Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1993-08-29)

¹⁹⁵ Refer to Executive Bylaw of Money and Banking Operations in Free Trade-Industrial Zones of Islamic Republic of Iran (passed in 1999-11-30).

Branch : A unit of a bank or credit institution operative inside or outside a zone , which conducts permissible banking operations in accordance with the provision of the articles of association of its parent bank or institution and within the framework of existing Regulations.

Banking Unit : Iranian and foreign banks and institutions , and the branches thereof, which are permitted to conduct banking activities in a zone.

Off-Shore Banking: Conducting all kinds of banking transactions exclusively in foreign currencies.

Currency Exchange Units: Firms engaged in sale, purchase and transfer of currencies, gold and silver coins.

Representative Office: Representative office of banks and credit institutes established in the zone.

Principal Agreement: Initial agreement of Central Bank with establishing bank, institute or branches of foreign banks and institute after satisfaction of conditions by applicants and delivering 50 percent capital to central bank. These steps should be followed by developing registration file and attaining lower limit of capital.

Establishment License: Final agreement of Central Bank with establishment of bank, institute or branches of foreign banks and institute after delivering 100 percent capital requirements to Central Bank and conducting procedures in current bylaw and relevant regulations.

Section. 2: Conditions for Establishment

Article. 2- Banks and institutions with Iranian or foreign capital and with Iranian and/or foreign partnership are entitled to be registered in a zone.

Article. 3- Banks and institutions registered in a zone, whose headquarters are located in the same zone, shall be regarded as Iranian banks and institutions.

Article. 4- Establishment of banks and institutions and setting up of branches of Iranian and foreign banks or institutions in a Zone shall be subject to the proposal made by the respective Authority , issuance of the Establishment Permit by Central Bank and registration in the same Zone .

Prior to the registration of banking units in a Zone, the Registration Office is obliged to ask for the submission of the Establishment Permit.

Note- The acts of Banks and Institutions and any subsequent amendments thereto should upon proposal made by the Authority, be approved by the Currency and Credit Council.

Article.5- Establishment of the representative offices of Iranian and foreign banks and institutions shall be subject to the approval of the respective Authority, acceptance by Central Bank of the officer in charge of the representative office and registration in the Zone .

Note- Prior to the commencement of its operations , the representative office is obliged to send a copy of its registration notice as published in the Official Gazette, together with the exact address of its workplace to Central Bank .

Article.6- Branches of the Iranian banks established in a Zone by the authorization of the Central Bank prior to the adoption of the Regulations, are not required to obtain new permits for their establishment.

Article. 7- The capital of banks and institutions may belong as much as 100 percent to foreign or Iranian nationals or a combination thereof. According to the present Guidelines, the foreign natural persons are the nationals of the governments recognized by the Government of Iran and the foreign legal persons are the companies and banks registered in the countries recognized by the Government of Iran, with at least three years record of operations.

Note- In exceptional cases and concerning the foreign legal nationals, the matter shall be decided by Central Bank.

Article. 8-The Banking Units in a Zone are entitled to engage in offshore banking operations on the basis of the permits obtained. The offshore banking units are prohibited from conducting operations and transactions in IRR and are obliged to carry out their operations and transactions exclusively in foreign currencies.

Note- The Banking Units which obtain offshore banking operation permits are obliged to use the term “ Offshore ” along with their names .

Article. 9- Establishment of banks and institutions in a Zone as public or private joint -stock companies with registered shares shall be permissible in accordance with the stipulated provisions of the Partial Amendment Bill of the Business Law ¹⁹⁶as ratified in 1968.¹⁹⁷

Article. 10- The minimum amounts of capital of the Banking Units in a Zone are determined as follows:

¹⁹⁶ Refer to Business Law published by press of the department.

¹⁹⁷ -Based on approval letter passed by Board of Ministers (on 2008-09-10), the minimum capital for establishing private banks in Free Trade-Industrial Zones is 1000.000.000.000 IRR>

10.1 – On- shore Banking Units:

10.1.1- Banks: a minimum of 35,000,000,000.00 (thirty five billions) IRR, one hundred percent of which shall be deposited in cash with Central Bank.

10.1.2- Institutions: a minimum of 15,000,000,000.00 (fifteen billions) IRR, one hundred percent of which shall be deposited in cash with Central Bank.

10.1.3- Branches of foreign banks or institutions: a minimum of 10,000,000,000.00 (ten billions) IRR, one hundred percent of which shall be deposited in cash with Central Bank.

10.2- Off-shore Banking Units:

10.2.1- Banks: a minimum of 10,000,000.00 (ten millions) U. S. Dollars, one hundred percent of which shall be deposited with Central Bank.

10.2.2- Institutions: a minimum of 5,000,000.00 (five millions) U. S. Dollars, one hundred percent of which shall be deposited in cash with Central Bank.

10.2.3- Branches of foreign banks or institutions: a minimum of 3,000,000.00 (three millions) U. S. Dollars, one hundred percent of which shall be deposited in cash with Central Bank.

Note. 1-The issuance of the Agreement in Principle is subject to the provision and deposition of 50 percent of the capital of the respective Banking Unit and the issuance of the Establishment Permit is subject to the provision and deposition of 100 percent of the capital of the respective Banking Unit with Central Bank of Iran , in conformity with the stipulations of this article.

Note. 2-The issuance of the Establishment Permits of the Banking Units with foreign capital shall be subject to submission of the receipt of foreign currency sale to one of the banks , for the full amount of the capital belonging to foreign nationals , and in the case of off-shore Banking Unit the deposition of foreign exchange amount with Central Bank .

Note. 3- The branches of domestic banks and institutions in a Zone are not required to deposit their capitals.

Note. 4- Central Bank at its own discretion, is entitled to change the amount of the required cash capital of the Banking Units.

Article. 11- Utilization of the amounts deposited with Central Bank shall be subject to the submission of the companies registration documents , consisting of the registered articles of association and declaration , the registration notice as published in the Official Gazette and specifying the names of directors and holders of the authorized signatures.

Article. 12- The applicants for the establishment of banks and institutions are required to submit to the Authority the following documents and information , attached to their applications :

12.1-Specifying whether the intended joint-stock company shall be private or public.

12.2-Specifying the type of the activity.

12.3-Amount of the intended capital, while specifying the percentage of the paid- up and undertaken portions thereof.

12.4- Proposed articles of association.

12.5-Submission of the business plan of the bank or institution in the Zone.

12.6- Names, qualifications and the record of activities of the founders, and the number of shares subscribed by each of the founders.

12.7- Names, particulars , educational background , record of activities and the previous positions held by the members of the board of directors , the executive board, the proposed managing director and the deputy managing director for the bank or institution .

12.8-In case the founder is a judicial person subscribing more than 5 percent of the capital , submission of the articles of association , registration certificate, the audited financial statements for the past three years (while taking into account the provision of the Note to Article 7) , whereas if such founder or founders posses more than 50 percent of the shares belonging to other companies , submission of their consolidated audited financial statements for the past three years , together with the names , qualifications and the type of the activities of the subsidiary companies .

12.9- Submission of the certificates specified hereunder for the members of the board of directors, the executive board, the managing director and the deputy managing director:

12.9.1- Written acknowledgement by a reputable bank regarding financial solvency of the applicant.

12.9.2- Certification of good reputation issued by three judicial or natural persons.

12.9.3- Clearance certificate issued by the police department of the place of residence.

12.9.4-A certificate issued by each of the persons specified in the item.

12.9. 4-B- Stating that the respective person has had no record of bankruptcy in any part of the world, has held no position in a company which became insolvent or went bankrupt and had no criminal conviction whatsoever regarding any type of financial offences in any country

. In cases where submission of a certification as described above is not possible, the required information shall be presented to Central Bank for evaluation thereof.

12.10- Name and address of the selected auditor to audit the financial statements.

12.11- Written commitment by the founders to incorporate the following text into the articles of association of the bank or institution:

“Replenishing the capital (of the bank or institution) to the levels specified in Article 10 of the Executive Guidelines for the Monetary and Banking Operations in the Free Trade – Industrial Zones of the Islamic Republic of Iran , in cases where the value of the shareholders equity diminishes as a consequence of sustained losses”.

12.12- Submission of the permits issued by the competent authorities of the respective countries of the founders for the establishment of the banks or institutions in the Zone , in cases where such founders are foreign nationals .

12.13-Specifying the name of the relevant supervisory authority in the respective countries of the founders of banks and institution, in cases where such founders are foreign nationals.

12.14- Letter of commitment to conduct their banking operations on the basis of the obtained permit and their articles of association and in compliance with the provisions of the Act , the Regulations and the Guidelines .

Article. 13- At least three members of the board of directors , the managing director and the deputy managing director of banks and institutions are required to have sufficient experience in banking business, with a minimum of five years of experience at the managerial positions, (i. e. manager of first-grade branches or equivalent positions in the head office) .

Article. 14- On applying for opening a branch , foreign banks and institutions are required to submit to the Authority the following documents and information , attached to their application :

14.1- Type of the activity.

14.2- Amount of the capital of the branch.

14.3- Operational plan of the branch.

14.4- Articles of association, registration certificate, the audited financial statements and the management report for the previous three years.

14.5- Particulars of those shareholders possessing more than 10 percent of the shares of the bank or institution.

14.6- Information concerning all the companies and banks in which the applicant possesses more than ten percent of the shares or is a member of the board of directors.

14.7 .names , particulars and the educational background of the proposed manager and assistant managers for the branch along with the record of their services and positions held during past five years .

14.8- Written confirmation by the president of the bank or institution as to the financial integrity, good reputation and lack of criminal record for the manager of the branch.

14.9- Approval of the board of directors of the applicant bank or institution of the establishment of a branch in the Zone, along with the relevant permits issued by the competent authorities.

14.10- Name of the competent authority supervising over the applicant bank or institution.

14.11- Letter of commitment regarding compensation of losses caused by the operations of the branch.

14.12- Letter of commitment concerning replenishment of the minimum amount of the branch's capital, in cases when its capital, as the result of the sustained losses, falls below the minimum amount as stipulated in Article 10.

14.13- Letter of commitment for conducting of the banking operations in the Zone in accordance with the provisions of the permits obtained, the articles of association and the observance of the provisions of the Act, the Regulations and the Guidelines.

14.14- Name and address of the auditor selected for auditing financial statements of the branch.

Article. 15- After considering the application for establishment of banks, institutions, or branch of foreign bank or institution, the Authority is required to submit its views to Central Bank together with all the documents and information obtained from the applicant.

Note- Authority is obliged to notify Central Bank of the reasons for accepting or rejecting the application.

Article. 16- Upon approval of the proposed articles of association , business plan and the particulars of the founding board , board of directors , executive board, managing director and deputy managing director and fulfilment of other conditions as well as approval of the opening of a branch by a foreign bank or institution , Central Bank shall initially proclaim its agreement in principle as to the establishment of the foreign bank or institution and opening of foreign bank's branch .

Article. 17- In case the application is for establishment of public joint-stock company, the underwriting plan is required to be approved by Central Bank prior to the public offering

Note-he minimum conditions for formulation of the prospectus and underwriting shall be based on the provisions of Business Law¹⁹⁸ and its amendment dated 1968.

Article. 18- Establishment Permits for the Banking Units for the purpose of registration in a Zone shall be issued by Central Bank after deposition of one hundred percent of the capital and completion of other arrangements subject of the Regulations and the Guidelines .

Note- After the registration of a Banking Unit in a Zone and receipt of the registration documents such as the registered articles of association and registration notice as published in the Official Gazette , and confirming of their conformity with the documents and information previously submitted , Central Bank shall issue a certificate concerning the permissibility of the activity of the Banking Unit .

Article. 19- The Agreement in Principle and the Establishment Permit issued by Central Bank is not transferable to others .

Article. 20- The Agreement in Principle and the Establishment Permit issued by Central Bank shall be valid for a maximum period of six months from the date of their issuance , unless otherwise specified due to particular reasons .

Article. 21-The lump sum or gradual transfer of more than ten percent of the shares of a bank or an institution to other persons as well as any change in the combination of the membership of the board of directors , the executive board, managing director and the deputy managing director of a bank or an institution shall be subject to the prior agreement and approval by Central Bank .

Article. 22-Opening of branch by a Bank or an Institution in the same Zone and in other Free Zones of Iran or in other countries shall be subject to proposal by the Authority and approval by Central Bank. The applicants are required to enclose to their application a report justifying the reasons for opening branch in their intended locations .

Article. 23-Opening of branch of domestic banks or credit institutions in a Zone shall be contingent upon proposal by the Authority and approval by Central Bank .

Note. 1- Banks or credit institutions operating in Iran which apply for opening a branch in a Zone are required to submit their business plans pertaining to the opening of the branch, to the Authority .

¹⁹⁸ Refer to collection of "Business Law" published by this department.

Note. 2- The eligibility of the proposed manager for the branch shall be approved by Central Bank. The banks and credit institutions active inside Iran which apply for opening of a branch in a Zone are required to submit to Central Bank the documents and information specified hereunder, attached to their applications:

-Names, particulars , educational background , record of professional services and the previous positions held by the proposed manager of the branch during the past 5 years.

-Attestation by the managing director of the bank or institution as to the professional integrity , good reputation and lack of criminal record of the proposed manager of the branch .

Article. 24- Establishment of a Currency Exchange Unit in a Zone shall be contingent upon proposal made by the Authority and issuance of permit by Central Bank.

Note-The Authority is required to evaluate the documents subject of the Article 27 of the Guidelines and submit the same enclosed with its own views thereto to Central Bank.

Article. 25- A Currency Exchange Unit shall be established only in the form of a joint liability company. Currency Exchange Units which had been set up prior to the ratification of the Guidelines are obliged to adjust their conditions with the provisions of the Guidelines , within a period of six months .

Article. 26- The minimum amount of the paid-up capital for a Currency Exchange Unit shall be equivalent to 500,000,000.00 (five hundred millions) IRR.

Article. 27- Applicants for the establishment of Money Changing Units are required to submit to the Authority , the documents and information mentioned hereunder ;

27.1-The amount of the capital.

27.2-The proposed articles of association.

27.3-Names , particulars and the records of the activities of the founders , and the amount of shares held by each of them .

27.4- Names, particulars, educational background records of the activities and previous positions held by the managers and the managing director.

27.5-Name and address of the proposed inspector.

27.6- Submission of the certificates specified hereunder for the managers and the managing director:

27.6.1- Certificate on their financial solvency, issued by a credible bank.

27.6.2-Certificate on good reputation , issued by at least three reputable natural or Judicial persons .

27.6.3- Certificate from the police department of place of residence on the lack of criminal record.

27.6.4. Letters of undertaking from each of the managers and the managing director to the effect that they have never been charged legally with financial offences and they lack any criminal convictions whatsoever in any country of the world.

27.6.5. Letter of commitment as to conducting foreign exchange operations in line with the provisions of the Guidelines.

Article. 28-Upon approval of application and subsequent to the receipt of the certificate of deposit of the capital, Central Bank shall issue establishment permit for setting up a Money Changing Unit for the purpose of submitting it to the Registration Office of the Zone .

Article. 29- After registration of a Currency Exchange Unit in a Zone and notifying Central Bank of exact address of its workplace, the Money Changing Unit is entitled to commence its operations.

Article. 30-The permit issued for a Currency Exchange Unit is not transferable to any third party.

Article. 31-Currency Exchange Units are required to display their establishment permits at their workplace for the observation of their clients.

Section 3- Foreign Exchange System in the Zones

Article. 32-All foreign currency transactions and movements in the Zones shall exclusively be governed by the provisions of the Regulations and the Guidelines.

Article. 33- Buying and selling of all foreign currencies against IRR or other currencies and all foreign currency transactions and movements by natural and judicial persons are permitted within the Zones.

Note-Central Bank shall compile the list of major currencies in specified intervals and put it at the disposal of Banking Units that are authorized to engage in foreign currency operations so that the said Units would buy and sell major currencies only.

Article. 34-Remittance of all foreign currencies from abroad to the Zones and from each Zone to the other Zones and foreign countries is permitted .

Note- Remittance of foreign currencies in any form from Zones to other parts of the country and vice-versa shall be governed by the foreign exchange regulations of the country.

Article. 35-The rates for buying and selling of foreign currencies as well as their conversion into IRR in the Zones shall be determined on the basis of supply and demand in the free market

Section 4- Conditions and Modes of Operations

Article. 36- Banks and institutions and the branches of foreign banks and institutions may commence their operations after submission to the Authority of the detailed documents specified hereunder;

36.1-Letter of approval by Central Bank subject of the note under Article 18,

36.2- A copy of the articles of association endorsed by the Registration Office.

36.3- A copy of the registration notice as published in the Official Gazette.

36.4- A copy of the lease contract and or the title deed of their workplace.

Article. 37=Starting from the date of notification of the Guidelines , the existing Iranian banks and institutions in the Zones are required to adjust , within six months , their operations with the provisions of the Regulation and the Guidelines and obtain the confirmation thereof from Central Bank .

Article. 38-Transactions by all Banking Units in the Zones in IRR shall be subject to the provisions of the Law for Usury -Free Banking . These Units are, however, authorized in their foreign exchange transactions to comply with the international banking practices.

Article. 39-Institutions are not authorized to open Gharz-al-hassaneh current accounts or other types of accounts , whether in IRR or foreign currencies , which may be drawn on by checks.

Article. 40-Banking Units, except the offshore banking units, shall receive from Central Bank a separate permit for conducting foreign exchange operations .

Article. 41-Offshore Banking Units in the Zones are not authorized to conduct banking operations in IRR.

Article. 42-Except in cases which have not been authorized by virtue of Articles 39 and 41, the Banking Units are entitled to raise their required financial resources , in conformity with the provisions of the Law for Usury- Free Banking Operations, in the following manners:

- 1-Acceptance of Gharz al Hassane current deposits.
- 2-Acceptance of interest-free saving deposits and similar demand deposits.
- 3-Acceptance of investment time deposits.
- 4-Issuance of partnership bonds.
- 5-Obtaining credit facilities from natural and judicial persons.
- 6-Utilization of other financing instruments.

Note-The criteria pertaining to the above sub – articles 42.4 , 42.5 and 42.6 in cases of IRR financing should be approved by Central Bank .

Article. 43-Based on stipulations of the Law for Usury-Free Banking Operations and in accordance with their own articles of association, Banking Units are entitled to grant credit facilities to any of the economic sectors such as agriculture, industry and mining, housing and construction, services, trade and exports .

Article. 44-At their own discretion , the Banking Units are entitled to determine the provisional profit on the investment deposits , and pay the same in specified intervals on the basis of the contracts signed with the depositors.

Article. 45-The Banking Units are, every year for the whole duration of the relevant contract, obliged to insure in their own favor, in accordance with the rules and regulations of the Zones, the collaterals received against their credit facilities , at least in an amount equal to the outstanding balance of such facilities.

Article. 46-The offshore Banking Units and the onshore Banking Units licensed by Central Bank to engage in foreign exchange operations are entitled to render services and to conduct transactions in foreign currencies , in conformity with international practices , as detailed below;

- 46.1-Establishment of correspondent relationship with other banks.
- 46.2-Execution of all kinds of money transfers in their own favor or for clients.
- 46.3-Execution of all transactions related to buying and selling of foreign currencies in cash on one's own account or that of the clients.

- 46.4- Maintenance of current accounts (excluding the Institutions).
- 46.5- Maintenance of savings accounts.
- 46.6- Holding of various time deposits with varying maturities.
- 46.7- Obtaining various kinds of loans and credits.
- 46.8- Issuance, buying, selling, underwriting and holding of partnership bonds and bonds. Buying and underwriting of such equities and the terms and conditions of their issuance shall be approved by Central Bank.
- 46.9- Granting various kinds of loans and credits.
- 46.10- Buying, discounting and guaranteeing various kinds of commercial papers.
- 46.11- Undertaking all affairs concerning documentary credits, bills of exchange, drafts and letters of guarantee.
- 46.12- Management of assets and provision of portfolio investment services for the customers.
- 46.13- Provision of custody and trust services and other management services.
- 46.14- Conducting other authorized banking operations and services in foreign currencies.

Note-The offshore Banking Units are entitled to undertake any type of banking operations in accordance with the provisions of their articles of associations .

Article. 47-Foreign exchange transactions of the Banking Units in the Zones shall not be subject to the foreign currency regulations of the mainland and the charges for the banking operations , the rates for buying and selling of foreign currencies , the interest rates on the credit facilities received and various types of deposits as well as the interest rates on the credit facilities granted shall be determined freely on the basis of supply and demand prevailing in the market .

Article. 48-In granting foreign exchange credit facilities, Banking Units in the Zones shall in all cases obtain, based on their own evaluation, secure collaterals or other credible guarantees in foreign currencies or convertible thereto.

Note-Should the received collaterals be located in the mainland, their convertibility and transfer of the value thereof to the Zones shall be subject to the foreign exchange regulations of the country .

Article. 49- Issuance of the letters of guarantee, excluding bid bonds, shall be contingent upon receiving deposits equivalent to at least ten percent of the amount involved.

Note- The above-mentioned minimum deposit in cases of letters of guarantee for export of technical and engineering services shall be as follows:

-Up to 10 million USD, equivalent with 3 percent.

-For amounts in excess of 10 million up 50 million USD, equivalent with 5 percent.

-For amounts exceeding 50 million USD, equivalent with 3 percent.

Article. 50- Banking Units in the Zones shall not be authorized to accept their own shares as collateral for credit facilities granted.

Article. 51- Banking Units are required to obtain endorsement of Central Bank for their annual plans concerning risk management of their foreign exchange operations , including the risks involved in their open positions.

Article. 52- The outstanding final balance of the credit facilities granted by each Banking Unit to each customer (judicial and /or natural persons) , whether such facilities are directly extended to the customers and/or their spouses and children under their custody and/or to institution and companies in which such customers hold more than 20 percent of their shares , should not in the aggregate exceed 15 percent of the capital account .

Note. 1- The total commitments pertaining to the documentary credits, letters of guarantee, underwriting and the balance of the credit facilities subject of this Article shall not exceed 25 percent of the amount of the capital account.

Note. 2- The capital account of a bank or institution shall consist of its paid-up capital, reserves and the balance of the accumulated profit and loss.

Article. 53- Whenever the resources for facilities granted by branches of Iranian and foreign banks are provided by their parent bank or institution , such facility shall not be subject to the restriction stipulated in Article 52 above .

Article. 54- Whenever a credit facility is granted against deposits of the applicant as collateral, the ceilings specified in Article 52 above shall not be applied for the amount thus covered.

Article. 55- Banks and institution in the Zones are required to observe the criteria governing the capital adequacy ratio as declared by Central Bank as well as the prevailing international criteria.

Note- Branches of foreign banks and institution in the Zones shall observe the ratio between their capital and their total assets as determined by Central Bank. In considering the financial position of the above branches, the financial position of their parent banks or institutions, especially their capital adequacy ratio, shall be taken into account.

Article. 56-Banking Units in the Zones are required to calculate their statutory deposit on a weekly basis and deliver them to Central Bank not later than the end of the working hours of the last day of the next week in accordance with the formats supplied to them by Central Bank.

Note. 1-Deposits received from the banks and institutions and , with respect to the branches of the Iranian and foreign banks and institutions , the deposits received from the parent bank or institution and/or any indebtedness to them , shall not be subject to statutory deposit .

Note. 2-The average balance of deposit accounts as at the end of the last working day of the week shall be taken as the basis for calculating the statutory deposit .

Note. 3-Upon approval by Central Bank, the statutory deposit for the deposits in foreign currencies may be deposited with Central Bank, in the currencies of received deposits.

Article. 57-Central Bank shall determine and pay interest in IRR on the statutory deposits in IRR, on the basis of approved rates , and interest in foreign currencies for the statutory deposits in foreign currencies, at its own discretion , commensurate with the rates in international markets. On the basis of the duration and balance of deposits the said interests shall be calculated and paid at the end of each 6- month period.

Article. 58-Banking Units in the Zones are not authorized to buy and sell goods for their own accounts and for commercial purposes.

Note- Buying and selling of goods for commercial purposes as well as conducting transactions in property by the banks not intended to engage in property transactions shall be authorized within the framework of the Law for Usury-Free Banking and shall not be subject to the restriction stipulated in this Article .

Article. 59- All documents pertaining to the operations of the Banking Units in the Zones shall be denominated and registered in the account books, in IRR. With regard to the foreign currency transactions of Banking Units, the amounts in foreign currencies shall also be registered in the relevant documents.

Article. 60-The un-depreciated balance of the immovable assets of the Banking Units at the end of each year shall not exceed 30 percent of their capital account .

Note-If, due to the purchase of residential buildings for their personnel , the Banking Units fail to meet the limit stipulated in this Article they are required to obtain the necessary authorization from Central Bank.

Article. 61-The properties acquired by a bank in lieu of the claims of the Banking Units are to be sold at most within a year . In exceptional cases, upon approval of Central Bank the said grace period is renewable.

Article. 62-The outstanding balance of the total assets emanating from the purchase of stocks and participation in the capital of companies as well as other equities shall never exceed 30 percent of the capital account of the Banking Units .

Article. 63-The banks and institutions in the Zones are not entitled to grant credit facilities exceeding one percent of their capital accounts to each member of the board of directors or the executive board , the managing director and the deputy managing director of the bank and institution , their spouses and children under their custody. In any case, the aggregate amount of facilities granted to the said persons should not exceed five (5) percent of the capital account.

Article. 64- Banks and institutions in the Zone are authorized to grant credit facilities to the companies in which the members of the board of directors and the managing director of the same bank and institution are shareholders , and/or are the members of the board of directors thereof , under the conditions set forth below:

64.1-Granting of facilities to any judicial person in which one of the major shareholders or a member of the board of directors , the managing director or the deputy managing director of the bank or institution or the spouses and children under their custody hold more than five percent of the shares or the combined shares of the said persons exceed ten percent of the total shares of the judicial entity , shall not exceed ten percent of the balance of the capital account of the bank or institution.

64.2-Granting of facilities by a bank or institution to a judicial person whose managing director (or the deputy) and / or each member of their board of directors hold executive or non-executive positions as member of the board and/or managing director (or the deputy) in the same bank or institutions is also subject to the conditions stipulated under section 64-1.

Note. 1-The restrictions mentioned in this Article shall not apply to those companies whose stock are listed at the Stock Exchange and the granting of facilities to such companies is

restricted to the individual credit ceiling (up to 15 percent of the balance of the bank's or institution's capital account) .

Note. 2-The terms and conditions for granting facilities stipulated in this Article shall be similar to the terms and conditions of other facilities granted by the banks and institutions .

Article. 65- Foreign exchange assets and liabilities of Banking Units should be calculated in IRR at the end of each financial year on the basis of the rate for the sale of the relevant currencies announced by the central branch of Bank Melli in the Zone . With respect to assets and liabilities having maturity dates of less than a year, the difference resulting from such computation shall be reflected in the profit and loss account.

The difference resulted from computation IRR of long – term foreign exchange assets and liabilities shall be computed at the end of each financial year. If the result of such computation indicate that , as a result of changes in the rates of the foreign currencies, the assets are overvalued or the liabilities are undervalued , for the resulting loss a reserve fund , equal to the amount of loss resulted from the conversion of the said item shall be established in the accounts of the Banking Units . In the next financial year if changes in the rates of foreign currencies are in such a way that there is no need for keeping the reserve fund wholly or partially, the said reserve shall be reverted up to the amount which is not needed, to the profit and loss account.

Article. 66-Banking Units in the Zone are required to transfer each year at least 15 percent of their net profits to the legal reserve fund. When amount of legal reserve equals the amount of the capital, such reserve can be maintained voluntarily.

Article. 67-Depreciation of the fixed assets shall each year be determined and calculated on direct method at the following rates , and shall be transferred to the profit and loss account:

Buildings: 10 percent

Installations: 20 percent

Motor Vehicles: 20 percent

Office equipment: 20 percent

Electronic equipment: 33.3 percent

Automated payment devices and communication equipment: at the rate of 20 percent

Establishment and software expenses: in three years

Article. 68-The establishment expenses shall be depreciated before any distribution of the profit.

Article. 69-Banking Units in the Zone are required every year to set up sufficient reserve in their accounts for the purpose of covering the losses resulting from the failure to collect the claims .

69.1-Establishment of the mandatory reserve with respect to each of the facilities granted . With regard to the sufficiency of these reserves, Central Bank shall take into consideration the views expressed by the independent auditor.

69.2-Establishment of reserves at least equal to 2 percent of the total amount of the granted facilities, after deduction of the facilities specified in section 69-10.

Article. 70-If as the result of sustained losses the capital of the Banking Units and Currency Exchange Units fall below the limits prescribed in Articles 10 and 26 Banking Units and Currency Exchange Units are required at most within six months to replenish their capital.

The representative offices shall function exclusively as liaisons offices to pursue banking relationships of their parent bank in the Zone and are prohibited to engage in any kind of banking transactions or rendering banking services of any nature .

Article. 72-Currency Exchange Units shall exclusively engage in buying, selling and transfer of various kinds of currencies, in cash and through money orders, as well as gold and silver coins and register all their operations in their journal and the general ledger.

Article. 73- Currency Exchange Units are forbidden to grant any kind of credit facilities or keep accounts for their clients.

Note-Currency Exchange Units for all transactions and services rendered for their customers shall submit detailed formal invoices. The Rial rates and cross rates of the currencies shall be put on display at the workplace of Money Changing Units for public viewing .

Section 5: Regulations on Surveillance of Banking Units, Representative Offices and Currency Exchange Units

Article. 74- In the Zones, banking Units and representative offices in the Zones are required to comply with all the rules and regulations as provided by the Act, Administrative Regulations, Guidelines and the instructions of Central Bank.

Note-Currency Exchange Units in the Zones are required to comply with all the rules and regulations related to the operations of the Currency Exchange Units as provided by these Guidelines.

Article. 75- Banking Units are required to mention the phrase “by the official authorization of Central Bank of Islamic Republic of Iran” on their name boards and to print the reference number and date of issuance of their license on all their printed forms .

Article. 76- Banking Units are required to adopt measures to enable their auditors, while observing the accepted professional principles and standards of auditing, to comment explicitly on the observance of the rules and regulations governing the operations of the Banking Units in the Zones.

Article. 77-All Banking Units and Currency Exchange Units are required to constantly keep available in their legal domicile , the documents and papers pertaining to their operations as well as their account books for examination by the inspectors of Central Bank .

Article. 78- Banking Units in the Zones are required to arrange and keep the article of accounts, books and financial statements in accordance with the titles and forms determined by Central Bank.

Article. 79- The on-shore Banking Units are required to send to Central Bank, at specified intervals, the statistics and information specified hereunder.

Note-If necessary, Central Bank shall send the relevant forms to the on- shore Banking Units:

79.1-Weekly statistics and information:

79.1.1-Statutory deposit statements;

79.1.2-List of foreign exchange assets and liabilities classified according to economic sectors.

79.2-Monthly statistics and information required to be sent by the 10th day of the following month:

79.2.1- Form of summery of General Ledger.

79.2.2-List of foreign exchange assets and liabilities classified on the basis of various currencies.

79.3- Quarterly information required to be sent within 15 days after each quarter:

79.3.1- Capital adequacy calculations;

79.3.2- List of approved and utilized facilities classified in accordance with duration, type of collaterals and profit rates.

79.3.3-Outstanding letters of guarantee and letters of credits on the basis of the classification recommended by Central Bank.

79.3.4- Balance of the received foreign currency loans, credits and deposits classified according to natural and judicial persons, banks and countries.

79.4- Information to be sent within 30 days after the end of each 6-months periods of each financial year:

79.4.1- Balance sheet

79.4.2- Profit and loss account

79.4.3- Cash flow statement.

79.4.4- Particulars of the chief and senior managers of the Banking Units (branch manager and above) and exchange dealers:

Note-The particulars of the said persons shall be sent in complete forms at the end of the initial six-month period of the Banking Units' operations but only the changes at the subsequent intervals.

79.4.5- Facilities granted to persons subject of Articles 63 and 64 of the Guideline.

79.5- Information and statistics to be sent not later than four months after the end of each financial year:

79.5.1- Audited financial statements (including the financial statements of the parent banks and institutions of the foreign branches);

79.5.2- Copy of the inspector's report;

79.5.3- Report of the board of directors to the annual general meeting of banks and institutions;

79.5.4- Copy of the adopted decisions of the annual general meeting of banks and institutions.

Article. 80-The offshore Banking Units shall send, at specified time intervals, to Central Bank the statistics and information detailed hereunder;

Note-If necessary, Central Bank shall send the relevant forms to the offshore Banking Units,

80.1- Weekly statistics and information

80.1.1- Statutory deposit statements,

80.1.2- Foreign exchange asset and liabilities statements classified according to the economic sectors.

80.2- Monthly statistics and information to be sent not later than ten days after each month:

80.2.1- General ledger abstract;

80.2.2- Assets and liabilities statements by countries and customers, classified according to natural and judicial, persons and banks.

80.3- Quarterly information to be sent not later than 15 days after each quarter.

80.3.1- Capital adequacy calculations.

80.3.2- List of the approved and utilized loans and facilities classified on the basis of duration (short-term, medium-term and long-term), types of collaterals and profit rates.

80.3.3- List of outstanding balance of letters of guarantees and documentary credits on the basis of the classification specified by Central Bank;

80.3.4-Balance of the received foreign currency loans, facilities and deposits classified according to natural and judicial persons, banks and countries.

80.4- Information to be sent within 30 days after the end of each half – yearly periods of each financial year:

80.4.1- Balance sheet

80.4.2- Profit and loss statement;

80.4.3-Cash flow statement;

80.4.4- Personal particulars of chief and senior managers of the Banking Units (branch manager and above) and exchange dealers.

Note-The particulars of the above persons shall be sent in complete forms at the end of the initial six-months period of the operation of the Banking Units, but only the changes at the subsequent intervals.

80.4.5- Facilities granted to persons subject of the Articles 63 and 64 above;

80.5-Annual statistics and information to be sent not later than four months after the end of each financial year:

80.5.1- Audited financial statements (including financial statements of the parent banks and the parent institutions of the foreign branches)

80.5.2- Copy of the inspector's report;

80.5.3- Report of the board of directors to annual general meeting of banks and institutions

80.5.4- Copy of the adopted decision by annual general meeting of banks and institutions.

Article. 81- Banking Units shall submit one copy of their audited financial statements to respective Authority.

Article. 82-Central Bank shall receive other required information, on case-by-case basis, from Banking Units in the Zone.

Article. 83-The statistics and information except financial statements compiled and submitted by the Banking Units in the Zone, in the manners specified above , shall be regarded as confidential by Central Bank and may be published only as the collective statistics of the Banking Units, on the basis of classification determined by Central Bank.

Article. 84- The board of directors and the managing directors of the banks and institutions as well as the branch managers shall be accountable as to the authenticity and conformity with the books, of the statistics and information submitted to Central Bank .

Article. 85- At its own discretion, Central Bank shall, at any time, dispatch its inspectors to inspect the accounts and operations of the Banking Units, representative offices and Currency Exchange Units in the Zone. The managers and other officials of the Banking Units, representative offices and Currency Exchange Units are required to submit all the documents and books necessary for such inspections and provide the facility for the necessary and sufficient investigations by inspectors of Central Bank.

Article. 86- In cases where instances of wrong - doing or breach of rules are detected through investigations carried out by Central Bank, the cases shall be notified , at the discretion of Central Bank , to the concerned Banking Unit , representative office and Currency Exchange Units .

Article. 87- Upon receiving the results of the investigations carried out by Central Bank, in cases of wrong - doing or breach of the rules, the concerned Banking Unit, representative office and Currency Exchange Units are obliged to send explanations and justifications , along with the supporting documents , to Central Bank , not later than the deadline determined by the latter as the case warrants. Otherwise, they are obligated to redress the problem or undo the breach of rules before determined deadline and notify Central Bank of the results of the measures taken in this regard.

Article. 88- Determination of the incidences of the breach and the necessity of taking punitive measures, in accordance with the relevant regulations, is vested with Central Bank.

Article. 89- Currency Exchange Units are required to send, not later than the tenth day of the subsequent month, the monthly data of their total purchase and sale of foreign currencies, gold and silver coins by the forms provided by Central Bank.

Article. 90- Currency Exchange Units are required to send to the Authority , not later than twenty days after the end of each relevant period, their balance sheets and the profit and loss account as at the end of each half-yearly period of their financial year.

Article. 91- Currency Exchange Units are required to send, to Central Bank and the Authority not later than four months after the end of their financial year, their annual audited financial account, including the balance sheets, profit and loss accounts and cash flow statements.

Article. 92-Central Bank shall receive other necessary information, on case -by-case basis, from the Currency Exchange Units in the Zone.

Section. 6- General Regulations

Article. 93-The use of the names “bank”, “institution”, “branch of bank”, “branch of institution” and “representation office” in the Zones shall be permissible solely upon compliance with the provisions of the article 18 of the Act , the Regulations and the Guidelines .

Note. 1-All Banking Units and representative offices in the Zone shall be subject to the provisions of the Act , the Regulations , the Guideline and the instructions of Central Bank issued in accordance with the relevant regulations.

Note. 2-The use of name of “ Money Exchanger” in the Zone shall be permissible solely upon compliance with the provisions of the Guidelines and all the Currency Exchange Units are required to comply with the provisions of the Guidelines and the instructions of Central Bank , as issued in accordance with the relevant rules and regulations .

Article. 94- Prior to the appointment of each member of the board of directors, the governing board, the managing director and the deputy managing director, all banks and institutions in the Zone are required to obtain the necessary approval as to the professional qualifications and competence of the said persons.

Note-Managers of the branches of banks and institutions and managers of the representative offices in the Zones are also required to be confirmed as to their professional qualifications and competence by Central Bank.

Article. 95- Those convicted of theft , bribery, embezzlement, breach of trust , swindling, forgery, drawing of bounced checks , fraudulent bankruptcy or fraud , whether the verdict is issued by a domestic or a foreign court or the convict is either the main culprit or an abettor in a crime, shall be barred from taking charge, whatever the position, of Banking Units.

Article. 96- Unless authorized by Central Bank, the managers and members of the governing board or the managing director and the deputy managing director of the banks and institutions as well as the managers of the branches of banks and institutions are not entitled to hold any share or a positions in other banks or institutions in the Zones.

Article. 97- The working hours of Banking Units shall be determined by relevant Authority.

Article. 98- In order to facilitate the exchange of checks and banking documents, a clearing house shall be established upon approval by Central Bank, by the Banking Units in the Zones, whose expenses shall be borne by the said units.

Article. 99- Banking Units in each of the Zones are entitled to establish a bankers' association and assume its membership. Such an associations enjoying legal status and financial independence, shall be managed in accordance with the provisions of a articles of association to be endorsed by Central Bank.

Article. 100- Banks and institutions in the Zones are required to have their financial statements certified by the auditors and approved by their respective general meeting, not later than four months after the end of the financial year , and secure the issuance of the said statements at least in a local newspaper (if such a newspaper exists) as well as in a widely-circulated newspaper throughout the country, not later than six months after the end of each financial year.

Article. 101- All banks and Money Changing Units are required to notify Central Bank of the date and agenda of their respective general meeting , at least ten days prior to the date of the said meeting , and send , subsequently , to Central Bank the decisions adopted at that meeting.

Article. 102- Any breach of the provisions of the Act , the Regulations , the Guidelines and the instructions of Central Bank which are issued on the basis of the provisions of the Banking Laws or the by - laws thereof shall be subject to the penalties provided by the Article 44 of the Monetary and Banking Law of Iran.¹⁹⁹

¹⁹⁹ Article. 44 of Monetary and Banking Law of Iran (passed in 1972-07-09)

Note. Competent authority for investigating the offences subject of this Article and issuing ruling for the due disciplinary penalties shall be Banks' Disciplinary Board subject of Article 44 of the Monetary and Banking Law.²⁰⁰ The ruling issued by Disciplinary Board may be reviewed, within ten days from the date of notification, by the Currency and Credit Council and the ruling by the said Council shall be final.

Article. 103-In the following cases the management of a bank or an institution in the Zone may be assigned to Central Bank or other arrangements can be made for management of the bank :

103.1-At the request of the competent authorities of the bank or institution.

103.2-In cases where a bank or an institution cease its activities , in violation of the provisions of the Act , the Regulations and the Guidelines for a period exceeding one week .

103.3-In cases where a bank or institution operate in violation of the provisions of the Act , the Regulations , the Guidelines , the regulations of Central Bank or in contravention of its own approved articles of association .

103.4-In cases where the solvency of a bank or institution is in jeopardy or has come to a naught.

Note-Assignment of the management of a bank or an institution to Central Bank or their administration through other arrangements shall be carried out in accordance with the provisions of Articles 39 and 40 of the Monetary and Banking Law.²⁰¹

Violation of other codes included in the law and rulings of Central Bank of Iran will be punished through the following punishments:

1-Written warning to relevant managers or directors

2-Paying an amount daily (up to 200.000 IRR) for different periods of the year

3-Forbidding the bank or non-banking credit institute from involvement in some banking fields temporarily or permanently

The authority dealing with violations detailed in this article should hold a disciplinary council for banks. The council is made up of representative of attorney general, representative of Center of Banks and one of the members of Monetary and Credit Council (selected by council members), general secretary of the bank.

Decrees issued by disciplinary boards could be appealed in 10 days from enforcement date in Monetary and Credit Council. After the deadline, the decree of council will be final.

Note. 1-The amounts addressed in article. 43 (paragraph 2) should be charged by Central Bank of Iran from relevant bank or institute and deposited into public income account.

Note. 2-The order for reviewing and identification of violations and determination of disciplinary violations, request for revision and procedures for revision along with executions of decisions made by Review Board and Monetary and Credit Board will be based on the bylaw that Monetary and Credit Council develops.

²⁰⁰ Refer to above footnote.

²⁰¹ -From Monetary and Banking Law of Iran (passed in 1972-07-09)

Article. 104- From the date of the commencement of their operations , Banking Units shall be constantly inspected and audited by independent auditors, certified by Central Bank. To this effect, Central Bank shall communicate the list of its certified auditors to the Banking Units so that each of them could select their own auditor. Should the Banking Units intend to choose an auditor other than those contained in the list of certified auditors as announced by Central Bank, the formers shall propose to Central Bank the intended auditor, along with his/her name and particulars . Central Bank shall , not later than a month after receipt of the proposal by the Bank Unit, declare its views on the proposed auditors .

Article. 105-The methods of keeping the papers, documents and books, the manner of investigating the offences, procedures for dissolution and bankruptcy and revocation of the establishment permit of the Banking Units and the other issues unforeseen in the Guidelines shall be subject to the provisions of the Monetary and Banking Law ratified in 1972 .

From Executive Bylaw of Comprehensive Law on the National Control and Campaign against Tobacco²⁰²

Passed by Board of Ministers in 2007-09-23

Article. 1-In this bylaw, the following abbreviated terms will be used:

4-Packing: Tobacco products offered in certain packs

5-Tobacco Products: Any material or product some or all of which is made up of tobacco or its derivatives (except for permitted drugs for quitting cigarette listed by Ministry of Health, Treatment and Medical Education.

Article. 39-In following cases, based on suggestion of Central Bank of Iran, approval of Monetary and Credit Council and admission of a board made up of Prime Minister, Minister of Finance, Minister of Justice and Minister of Judgment, administration of affairs of bank should be done by Central Bank of Iran. Alternative, other arrangements could be made for running the bank or invalidating license for establishing a bank.

A-If qualified authorities of the bank demand

B-If bank does not starts its operation in one year from date of receiving establishment license.

C-If a bank stops its activities for a bank without offering justified excuse.

D-If bank acts against the law, its relevant bylaws and rulings of Central Bank of Iran that are premised on this law or its bylaws, and its own articles of association.

E-If a bank loses its liquidity.

Note. A bank with invalidated establishment license should act based on decree of Central Bank of Iran since invalidation date.

Article. 40-Administration of bank in other cases addressed in article. 39 and cancellation of establishment license should be done based on a bylaw that finance committees of Islamic Consultative Assemblies

²⁰²-The bylaw was named H37062T/110063 and enforced on 2007-10-01.

Article. 16-All tobacco products should be offered or sold in definite package, serial number and hologram of Iranian Tobacco Company. Inclusion of the term “For Sale in Iran” on all packages of imported tobacco products is essential.

Note. 1-Sale of domestically made products in pile, mixed or singular manner is forbidden.

Note. 2-Stores located in free zones and special economic zones should obey this article too.

From Guideline of Establishment and Administration of Mobile Courts²⁰³

204

Passed by Head of Ministry of Justice on 2008-08-12

Article. 1-Mobile courts should be established at center of each region, in central building of Dispute Resolution Council or any other place.

Article. 2-Authority of mobile courts was supported by article 2 of Law of Establishment of Mobile Courts passed by Islamic Consultative Assembly on 1987-08-23.²⁰⁵

Article. 3-Considering General Policies²⁰⁶ of Article 44 of the Constitution²⁰⁷ and based on quantity and quality of files in Free Trade-Industrial Zones, in industrial towns or places that are

²⁰³ -The guideline was numbered 1/87/4846 and enforced on 2008-08-13.

²⁰⁴ Law on Establishment of Mobile Courts (passed on 1987-08-23) was cancelled based on article 570 of Law of Criminal Procedure passed on 2014-02-23. It should be noted that the law was executed since 2015-06-22.

²⁰⁵ A-Correct approval date of the law is 1987-08-23.

B-For viewing complete text of above-mentioned law, refer to Criminal Procedures Bylaw (volume 2) published by press of the department.

²⁰⁶ Refer to General Policies of Article 44 of the Constitution of Islamic Republic of Iran passed on 2005-05-22 that is available online at www.dotic.ir.

²⁰⁷ Article 44 of the Constitution of Islamic Republic of Iran (passed on 1979-12-03):

The economic system of the Islamic Republic of Iran is based on three sectors: state, cooperative, and private, and will be based on disciplined and correct planning.

The state sector includes all the national industries, foreign trade, major mines, banking, insurance, energy sources, dams and large water irrigation networks, radio and television, post, telegraph and telephone, aviation, navigation, roads, railroads, and others which are publicly owned and under the state's control.

The cooperative sector will include corporations and cooperative institutions of production and distribution that are established in accordance with Islamic criteria in cities and villages.

The private sector is comprised of that sector of agriculture, animal husbandry, industry, trade, and services that complement the state and cooperative economic activities.

The law of the Islamic Republic protects ownership in these three sectors as long as it agrees with the other principles described in this chapter; and it must not surpass the limits set by Islamic law. Such ownership must

far remote from locations of permanent courts could have mobile courts. Establishment of such courts should be suggested by Head of Judiciary Department in the province and approved by Head of Justice Department.

Article. 4-The local police force should enforce judicial decrees of mobile courts concerning summoning, capturing, initial reviews, notification and execution of decrees, protection from residential and occupational places and security of judges and employees.

Article. 5-Duration of activity, period of temporary establishment and jurisdiction of the courts will be determined by Head of Judicial Department of the province based on characteristics of the cases and notified accordingly.

Article. 6-Cases addressed by mobile courts will be stored in the building where they had originally been established. After investigation, execution of decrees and ending the activity of courts of justice, the cases should be sent to justice departments located in the town.

Article. 7-Office of Organization and Planning of Department of Justice Department should act in coordination with heads of justice departments in provinces for developing conditions and terms of establishing mobile courts in less than 2 months.

Article. 8-The summarized records of cases reviewed by mobile court will be independently dealt with (i.e. beside of cases addressed in courts of justice of the town).

Article. 9-Daily wage and mission fee of judges and employees working in mobile courts should be paid based on article 14 of National Employment Law passed on 1973-09-15 with further amendments.

Article. 10-Annual budget and credits required by mobile court will be assigned by Office of Budget and Funds Allocation of Department of Justice after coordination with Office of Organization and Planning. The budget should be included in annual funds of Department of Justice of the province.

Article. 11-Considering article 6 of Law of Establishment of Mobile Courts²⁰⁸, governors and head of districts should make proper arrangements for determining location of establishing courts as well as residential locations for judges and employees of courts of justice. Heads of provincial departments of justice should make the arrangements for the courts to start. Ministry of Justice should conduct the measures in cooperation with Ministry of Interior.

induce development and growth in the country's economy; and not cause any social harm. The details of the regulations, areas, and boundaries of the three sectors will be determined by law.

²⁰⁸ Article 6 of Law on Establishment of Mobile Courts (passed on 1987-08-23): The judge of mobile court should invite parties of the case to the courts or summon them. The judge should ascertain that the summoned person is well aware of intentions of court of justice.

Regulations concerning Registration and Awarding Nationality License of the Islamic Republic of Iran to Ships in Free Trade-Industrial Zones²⁰⁹

Passed by Member Ministers of Coordinating Council of Free Trade-Industrial Zones and Special Economic Zones (Approved in 2010-01-24)

Chapter. 1-General Principles

Article. 1-The following abbreviated terms are used in this bylaw:

- 1- Law: Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran (passed in 1994) with Further Amendments²¹⁰
- 2- Organization: Ports and Maritime Organization as Main Authority for Registration of Vessels in Islamic Republic of Iran.
- 3- Center: Center for Registration of Vessels administered by the authority in each zone.
- 4- Free Zones: Any one of Free Trade-Industrial Zones of Iran which were or will be established based on note of article 1 of Law on Administration of Free Trade-Industrial Zones of the Islamic Republic of Iran (passed in 1994) in one of the ports, coastal lands or islands of the Islamic Republic of Iran.
- 5- Vessel: Any means of transporting cargo, travelers or both which offers maritime, research, training, entertainment and navigational services on the seas and oceans.

²⁰⁹ The bylaw was numbered K44200T/26772 and enforced in 2010-03-18.

²¹⁰ The law was approved on 1993-08-29 and it is included in this collection.

Article. 2-Existing vessels, regardless of method of manufacturing, activity and gross capacity, and vessels being build could be registered in free zones and enjoy the same benefits of vessels registered in the mainland. The exception is military vessels.

Article. 3-Applicants desiring to register their vessels and receive license of nationality in free zones of Islamic Republic of Iran should satisfy one of the following conditions:

- 1- Real persons with nationality of Islamic Republic of Iran
- 2- Real persons whole permanent residence is located in Islamic Republic of Iran
- 3- Legal persons registered in mainland of Islamic Republic of Iran and have branches or representatives in free zones.
- 4- Legal persons registered in free zones based on relevant regulations regardless of ownership of shares of a company or ownership of vessel by domestic or foreign owners but based on regulations in this bylaw.

Article. 4-Registration of ships in free zones is dependent on its technical and safety approval as certified in licenses issued by the authority or one of the ranking entities authorized by the authority.

Article. 5-The vessels registered in free zones should satisfy national regulations as well as international regulations which Islamic Republic of Iran approves.

Chapter. 2-Registration of Vessels and Awarding Nationality License in the Islamic Republic of Iran

Article. 6-Registration of vessels in free zones by Center for Registration of Vessels, under surveillance of this authority, that are manufactured in free zones based on the current bylaw is permitted. A book called Book of Vessels Registration maintained in the center includes all specifications of vessels, owner(s) and renters of the vessel. This information should be maintained in the center.

Article. 7-Representatives of Console of Islamic Republic of Iran could issue temporary registration license for vessels that operate in free zones and are subjected to this bylaw. This should be done based on technical and safety codes that authority or one of the ranking entities, certified by authority, develops. Validity period of these licenses should match with duration of travel of a vessel to one of the ports on the mainland of Iran or free zone so as to enable its permanent registration. The period of validity should not be less than 6 months.

Article. 8-For registration or renewing registration license of every vessel, it should be inspected by an inspector that General Inspectorate Organization assigns. Inspector's report and relevant documents should be offered to the authority.

Article. 9-Registration statement of vessel should be filled in by its owner(s) or his/her/their legal representative and offered to the authority with other relevant documents. Responsibility of assurance of accuracy of such documents is undertaken by owner(s) and authority's approved inspectors should check the information against the actual vessel during inspection. In the case of observing mismatch, the issue(s) should be announced to the owner(s) so that he/she/ they could address the problem(s).

Article. 10-License for measuring capacity of this vessel that is used by the authority or one of its approved ranking entities based on regulations of International Convention on Tonnage Measurement of Ships should be offered before conducting registration steps.

Article. 11-Required documents for registration of ships in free zone are the following:

- 1- Main copy and a photocopy for identification of real owner (Identify Card and National ID Card)
- 2- A copy of company's articles of association and registration license of the company in mainland or in free zone for legal persons (per case) and official newspaper in which latest changes of the company are detailed.
- 3- Original copy for purchase of ship (if transaction is done abroad) and document of purchase confirmed by closest representative of the Islamic Republic of Iran at place of purchase as well as their official translation should be offered.
- 4- Copy of technical and safety license of the ship
- 5- Main copy of statement and nomination of ships
- 6- Inspection report and license issued by authority's approved inspector
- 7- Main copy of documents of license invalidation of the ship and offering approval letter to closest official representative of Islamic Republic of Iran with flag of original owner's country of residence on it along with their official translation for ships that have already been registered in another country.
- 8- Main copy of manufacturing license of the ship. If vessel has been made abroad, the license should be approved by closest official representative of the Islamic Republic of Iran and its official translation should be offered too.
- 9- Written license of authority in the free zone regarding permissibility of registration of the ship in the zone

Article. 12-A vessel registered in free zone based on codes of this bylaw are authorized to raise flag of Islamic Republic of Iran. In addition to rights of Iranian ships, they could enjoy legal benefits of free zones.

Article. 13-Any basic change or repair of registered ship in free zones that does not match specifications of technical and safety licenses of the ship should be notified to ranking body as well as Registration Center and inspector of authority. Inspectors of authority and ranking body

should monitor changes or repairs to assure that repairs or modifications match national and international standards. They should confirm the arrangement and approve modification of licenses accordingly.

Article. 14-Transactions, transfers and judicially issued decrees as well as basic changes of the ship should be recorded in registration book of the ship.

Chapter. 3-Registration of Complete Lease of Ships (Bareboat Articles of association)

Article. 15-Registration of bareboat articles of association is permissible if minimum period of rent is two years and maximum age of ship does not exceed 10 years.

Article. 16-Required documents for registration of ship in the form of complete lease in free zone are as described in the following:

- 1- Contract for renting the ship and written approval of owner(s) or his/her/their representative(s) based on bareboat articles of association that is confirmed by closes representative of Islamic Republic of Iran in the country where contract is finalized along with their official translation
- 2- Original copy and a copy of identification documents of ship's renter (Identity Certificate and National ID Card).
- 3- A company of country's articles of association and its license of registration in free zone if main activity center of the company is located in the free zone (for renters with legal personality)
- 4- A copy of technical and safety licenses of the ship as detailed in article 4
- 5- Monitoring report and license issued by authority's approved inspector or ranking body
- 6- License of suspended registration of ship in main country of registration

Article. 17-During the period of registering the ship as bareboat articles of association in free zone, responsibility for conducting administrative, technical and safety as well as social affairs by the zone is undertaken by Islamic Republic of Iran. The affairs concerning ownership, mortgaging and other relevant transaction and transfer options should be conducted by the country which owns the original flag. It should be noted that the country that owns original flag of the ship as well as renter of the ship should notify organization of Center for Registration of Ship in this regard.

Article. 18-The ship registered in free zone as bareboat articles of association is authorized to raise the flag of Islamic Republic of Iran. In this case, it will be covered by article. 12.

Chapter. 4-Registraton of Iranian Ships in Free Zones as Bareboat Articles of association Abroad

Article. 19-The ships registered in free zones could be registered in another country under bareboat articles of association contract for a certain period of time.

Article. 20-The country that registers the ship as bareboat articles of association based on national regulations is authorizes to register the ship as bareboat articles of association. This requires agreement between country of second flag and main flag (Iran).

Article. 21-During period of registration under bareboat articles of association contract, the ship should satisfy those conventions in which Iran is a member as well as regulations of second-flag country.

Article. 22- During period of registration under bareboat articles of association contract, registration of intended vessel in free zone will be suspended.

Article. 23- During period of registration under bareboat articles of association contract in a third country, affairs concerning ownership, mortgage and other transactions of the ship should be done by the country that is ascribed the main flag.

Article. 24-Documents required for suspending registration of ship as bareboat articles of association abroad are:

- 1- Identification documents of renter
- 2- Original copy and a copy of bareboat articles of association contract which covers the next two years. If the contract is finalized and signed abroad, it should be confirmed by closest representative of Islamic Republic of Iran and it should be accompanied by official translation.
- 3- Original copy of license for registration of the ship in free zone
- 4- Approval letter of official national authority for second registration as bareboat articles of association
- 5- Written application of owner(s) or his/her/their legal representative(s) for suspension of original registration and alternative registration as bareboat articles of association in third country

Article. 25-Extending the license of bareboat articles of association will be possible after receiving owner's application and confirmation of Registration Center

Article. 26-Essential requests and measures included in this bylaw should by done by legal representative of Iranian renter.

Chapter. 5-Transfer and Transaction of Ship

Article. 27-Domestic registration of transfer and transactions of ships covered by this bylaw is essential. This should be done through Registration Offices in the zone that are specifically assigned by Organization for Registration of Deeds and Property. The details should be recorded in record book of ships, registration and operational license of the ships.

Article. 28-If transactions addressed in article 29 are done abroad, transaction should be done based on condition of foreign country but in a closest representative of Islamic Republic of Iran. The details should be communicated in 15 days from transaction to Registration Center

Article. 29-Sale or trade of some or all of the registered vessel in free zone, regardless of compulsory or arbitrary nature of transfer, will not change nationality of the ship if the new owner is subjected to article. 3.

Article. 30-Any compulsory or enforceable decree issued by authorized judicial and registration bodies that modifies objective rights of the ship (except for top rights) should be included in record book of the vessel as well as registration and nationality license.

Article. 31-Owner of Iranian ship who uses it as mortgage in Iran or abroad cannot sell the ship without paying the mortgage or permission of mortgagee.

Article. 32-In the case of selling or transferring ownership of the ship, the authority which registers such a trade case should communicate the affair once in an official national newspaper and ones in one of the widely published newspapers of the zone. Cost of the advertisement should be charged by registration authority in the free zone at the time of referring the applicant to official registration bureaus.

Chapter. 6-Registration and Nationality License

Article. 33-License of registration and nationality of ship in free zone is a document that is developed by authority of each zone in three copies.

Article. 34-Validity period of registration and nationality license is 5 years at most. At the end of each year, the license should be extended and its expiration date should be revised.

Article. 35-Registration and nationality license should always be maintained aboard.

Article. 36-If registration and nationality license of a ship is missing or inapplicable, the owner or his/her/ its representative or renter of ship (in a bareboat articles of association) should communicate the affair to Registration Center immediately. In addition, written explanations and attaching affirmative documents should accompany the application for second copy of

registration and nationality license for the ship. After review and confirmation of the issue, the authority should reissue registration and nationality license and communicate the details in the book for registration of ships in the free zone.

Article. 27-In the case of loss of registration and nationality license of a ship located out of Iran, owner of the ship or his/her/its legal representative should fill in an application and diplomatic representative of Iran should be permitted by authority to issue a temporary registration license. The license could be valid until entering the first Iranian port or six month (whatever happens earlier).

Article. 28-License for registration of bareboat articles of association of ship should be developed in 3 copies and it could be valid for next 2 years. In addition, the license could be extended during period of bareboat articles of association if required documents are offered.

Chapter. 7-Cancellation of Registration and Invalidating Nationality of Ship

Article. 39-In the following cases, registration of ship will be cancelled and its nationality will be voided:

- 1- If, based on articles of current bylaw, condition for realization of Iranian nationality is validated.
- 2- If ship goes missing or it is occupied due to aggressive operations or piracy.
- 3- If ship fails completely or becomes inapplicable or authority of the free zone deny its technical and safety qualifications for safe traffic.

Article. 40-In the case that above article is realized, the details should be communicated to Center for Registration of Ships in 30 days. In addition, registration and nationality license of the ship could be delivered to the center.

Article. 41-The documents required for invalidation of registration and nationality of a ship are:

- 1- Original copy of sale license of the ship if it is sold to a foreigner. In the case that trade occurs abroad, the details should be confirmed by closes official representative of Islamic Republic of Iran and an official translation of relevant documents should be offered too.
- 2- Owner's or his/her/its legal representative's application for invalidation of registration and nationality license of the ship in other cases.

Article. 42-License of registration cancellation of the ship should be issued by registration body in the free zone if it is not mortgaged or third parties do not suggest any claims for the ship or its interests. In addition, records of the ships should not point to such cases. Otherwise, cancellation

of registration could be done based on request of authority and approval of qualified court of justice.

Article. 43-After receiving request for invalidation of registration, review of relevant documents by authority or Center for Registration of Ships and satisfaction of conditions for invalidation of registration license by authority or relevant center, a license for cancellation of registration and nationality permit will be issued and delivered to the applicant.

Article. 44-Re-issue of previously cancelled registration license requires some legal formalities that are detailed in this bylaw.

Chapter. 8-Fixed Costs

Article. 45-Costs for initial registration, second registration of the ship and other services required for issuing license of registration and nationality are detailed in the following table:

Services	Cost (IRR)
Registration, extension and change of flag	10.000.000
Record of transfer and transactions	30.000.000
Issuing second-copy license	10.000.000
Inspection for confirmation of application form of registration	6.000.000
Change of registration license parameters	5.000.000
Recording ship as bareboat chart	10.000.000
Extension of ship's record as bareboat chart	3.000.000
Cancellation of Registration	5.000.000

From Executive Bylaw of Provincial Council of Planning and Development

Passed by Board of Ministers on 2011-10-12 ²¹¹

Article. 1-In this bylaw, the following abbreviated terms will be used:

Council: Provincial Planning and Development Council and Specialized Committees

Article. 5-In order to achieve intended objectives and realize duties of the council, 8 specialized consultative committees were formed in all provinces of the country. The committees include:

A- Specialized Committee of Economic Affairs

Article. 6-Members of above committee are:

- A- Vice President of Planning Department in Governancy (Head of Committee)
- B- Managing director of Office of Coordination in Governancy (Secretary)
- C- Head of Provincial Unit of Ministry of Agricultural Jihad
- D- Head of Provincial Unit of Ministry of Economic Affairs and Finance
- E- Head of Provincial Unit of Ministry of Industry, Mine and Trade
- F- Head of Provincial Unit of Ministry of Roads and Urban Development
- G- Head of Cultural Heritage, Handicrafts and Tourism Organization of the Province
- H- Head of Provincial Unit of Ministry of Cooperatives, Labour and Social Welfare
- I- Managing director of Natural Resources Organization of the Province (no voting right)
- J- Representative of Minister of Power in Province based on Minister's Choice
- K- Managing director of Industrial Towns Company of the Province (no voting right)
- L- Head of Customs Organization in the Province (no voting right)
- M- Administrator of one of the Provisional Banks selected and introduced by Council for Coordination of Banks (in Tehran Province, the administrator should be selected based on suggestion of governor and approval of minister of economic affairs and finance).
- N- Two of the top entrepreneurs of the province or experts who are suggested by Head of Chamber of Commerce, Industries and Mines ²¹² and Head of Chamber of Cooperatives in the province and confirmed by Head of Committee.

²¹¹ The bylaw was numbered H42771T/162178 and enforced on 2011-11-05.

Article. 7-Duties of Specialized Committee of Economic Affairs are reviewing and offering top suggestions in following cases:

.....

B-Use of legal and executive potentials of Free Trade Zones, Special Economic Zones and border markets to realize developmental policies of the province.

Executive Bylaw for Article 88 of Law of Trade System ²¹³

(Establishment and Activity of Trade Associations in Free Zones of Iran)

Passed by Minister of Industry, Mines and Trade on 2012-03-14

Introduction

In order to execute article 88 of Law of Trade System (regarding establishment and activity of trade associations in free zones) and considering difference in status of trades in these zones, the Executive Bylaw for Establishment and Activity of Trade Associations in Free Zones of Iran was enforced as detailed in the following:

Chapter. 1-Definitions

Article. 1-Trade System: Includes certain regulations included in Law of Trade System that regulate the affairs of the authority, duties, limitations, and rights of people and trade-based units.

Article. 2-Trade Individual: Any real or legal person that invests in one of the trade-based activities such as production, conversion, purchase, sale, distribution, services and technical services and acts as a worker or business owner and opens a business place either independently or by consultation with others. In this case, some or all of a product or service is offered to consumer either directly or indirectly.

Article. 3-Trade Unit: Any economic unit that is operating in a fixed place or a mobile vehicle after relevant licenses were issued.

²¹² At the moment, Head of Chamber of Commerce, Industries, Mines and Agriculture of Iran

²¹³ It should be noted that based on Amended National Law of Trade System (Passed on 2013-09-03), some definitions and terms included in original law have been modified. Therefore, recent definitions should be used. In addition, the new bylaw for article 88 of Law of Trade System is being developed at the moment.

Note. Activity of mobile trade units in fixed places is permitted if operating license for the same place is issued based on regulations of Administrative Authority of Free Zone.

Article. 4-Trade: A group of trade-related individuals involved in identical type of activity. The trades addressed by this law, considering their types of activity, will be divided into four types of manufacturing, technical, distributive and service trades.

Article. 5-Business License: A license issued based on regulations of Law of Trade System and Law on Administration of Free Trade-Industrial Zones to legitimize initiation and resumption of business. It is awarded to a person or a group of people to start their business in a definite location.

Note-Issuance of business license should be done by trade trades based on regulations governing trade system. As long as trade trades have not formed in free zones, authorities in free zones should issue the requested business licenses.

Article. 6-Specialized and Technical License: A license that confirms possession of required skills for conducting specialized or technical jobs. It is issued to qualified authorities.

Article. 7-Union: A legal and non-profit person composed of individuals from one or multiple guilds with similar domains of activity. It is formed to realize responsibilities determined in Law of Trade System. A union will be formalized after registration in Ministry of Industry, Mine and Trade (Center of Trades Affairs of Iranian Businessmen).

Article. 8-Council of Trade Affairs: A council composed of representatives selected by members of the board of directors of trade unions that is formed to realize responsibilities included in this law.

Article. 9-Surveillance Commission: A commission formed for association and coordination of unions and trade affairs councils with governmental organizations, especially authority in free zones which contributes to realization of tasks and authorities of unions and councils of trade affairs as well as surveillance over them.

Article. 10- The Supreme Council of Surveillance: A council formed for planning, coordination and surveillance of all unions, trade affairs councils, National Trades Council and surveillance councils. It is regarded as top authority for surveillance over trades affairs of Iran.

Note. Supreme Council of Surveillance could assign some of its tasks to commission or commissions made up of its representatives.

Chapter. 2-Establishment and Activity of Trade Unions in Free Zones

A-Establishment of Trade Unions

Article. 11-Trade units with similar occupations could form trade union based on dominant regulations.

Note. 1-Establishment of a union by trade units depends on conditions of each zone, coordination between authority and Industry, Mine and Trade Organization and approval of authority in each zone.

Note. 2-Unions formed in the zone before approval of this bylaw should conduct the measures for satisfaction of regulations included in this bylaw within next 6 months. Otherwise, their activity will be regarded as illegal.

Article. 12-Every union will have a distinctive board of directors whose members are selected every 4 years based on regulations of this bylaw. The members are appointed based on direct and hidden vote of union members. Re-election of members of the board of directors in consequent 4-year periods is permissible.

Article. 13-Each applicant with relevant business license has the right to announce his/her candidacy for board of directors of the union.

Article. 14-For participation in the election, offering original copy of license or its photocopy and/or membership card is essential.

Note. Each union member could vote once in election of board of directors.

Article. 15-Candidates authorized to be a member of the board of directors of the union should have the following conditions:

- A- Iranian nationality and commitment to Islamic Republic of Iran
- B- Offering criminal clearance certificate
- C- Lack of bankruptcy record
- D- Lack of addiction to drugs
- E- Valid operation or business license

Article. 16-Responsibility of matching terms of above article with condition of volunteers and offering final idea should be undertaken by a committee composed of representatives of Ministry of Industry, Mine and Trade, Ministry of Interior and Department of Justice.

Note. In the case that Organization of Industry, Mine and Trade is not available in the zone, representative of the Free Zones Organization could direct the affairs.

Article. 17-Surveillance Committee should form the council of surveillance on election to hold the meeting of unions. The council is made up of the following individuals:

- A- Representative of Ministry of Industry, Mine and Trade (head)
- B- Business Manager of Authority
- C- Representative of Ministry of Interior
- D- Representative of Trade Affairs Council

Note. In the case of Office of Industry, Mine and Trade is not located in the zone, business manager of the Free zone will act as head of surveillance council.

Article. 18-Meetings of surveillance council will become formal if four of its members are present. In the case that Office of Industry, Mine and Trade is not still established in the zone, the council could be formalized by 3 members. In councils with 4 members, meetings will be valid if there are 3 agreement votes. For councils with less than 4 members, meetings with two votes of agreement will be valid.

Article. 19-Surveillance forum should, after receiving decree for holding election from Surveillance council, announce the future union election through public announcement or other means. The announcement should be made in 1 week and candidates should be invited visit the Office of Surveillance Forum in next 15 days for registration and filling intended forms in. The office location may be determined by authorities in free zones.

Note. Surveillance uniform should announce date and location for registration to volunteers individually and through union. The volunteers should have business permit.

Article. 20-If number of candidates for election is less than 9 after deadline for registration of volunteers is passed, surveillance forum could extend registration of volunteers for two or more times for 15 days.

Note. 1-If deadlines set in article. 19 of this bylaw are over and number of election candidates is less than limit, head of surveillance committee could assign 3 people as Administrative Council for running the union for the next 6 months.

Note. 2-Surveillance forum should help Administration Council in holding union election in the next 6 months. Otherwise, surveillance committee could make arrangements for integration of above union with another trade union or extend election deadline of Administration Council for another 6 months.

Article. 21-Surveillance Council should communicate the following issues publicly within 1 week before holding the election:

- A- Complete address of voting location
- B- Hour and day of starting and ending voting process
- C- Number of members of board of directors
- D- List of qualified volunteers

Article. 22-At the time of voting, head of surveillance forum should open vote box when candidates and members of forum are present. The head should show that vote box has been completely emptied. Before election gets started, the head of surveillance forum should close the box and stamp it. The box should not be opened until the moment of counting votes.

Note-Assigning right of representation for voting is possibly only once and after offering power of attorney.

Article. 23-In the case that most members of surveillance forum are absent, election will not be cancelled. Present members of surveillance forum should notify the issue to head of surveillance committee so that alternative member(s) could be assigned by satisfaction of regulations included in this bylaw.

Article. 24-Any advertisement in location of election is forbidden. Head of surveillance council could issue the order for firing some people from location of election.

Article. 25-Admission of people who are not union members or employees of trade unions to location of election is forbidden unless they have admission cards issued by head of surveillance council.

Article. 26-Police forces, if requested by head of surveillance council, should make arrangements for maintaining order of voting meetings.

Article. 27-After expiration of deadline for voting, head or surveillance forum should immediately open and count votes in presence of members of surveillance forum and other participants. The result should be recorded in minute of the meeting.

Article. 28-The collected votes should be counted by members of surveillance council and number of votes should be matched with number of voters. If number of votes exceeds, additional vote papers should be deleted randomly and regarded as invalid votes. If number of votes is less than number of voters, the collected votes should be counted and results should be recorded in minute of the meeting.

Article. 29-Head of surveillance council should read content of collected votes loudly and other members of surveillance forum should record number of votes below the name of each candidate and determine total number of votes per volunteer.

Article. 30-After counting and announcing number of votes, minute of meeting should be developed in two copies to be signed by head of surveillance forum. A copy of minute along with other documents of election will be delivered to head of surveillance committee. The other copy will remain in surveillance council until end of election.

Article. 31-In the next 24 hours maximum, heads of surveillance forum should communicate the result of election (including number of collected votes for each candidate and elected candidates) in written form to union and surveillance committee.

Article. 32-During first period, election will be formal by presence of one third of members at least. In second period, election could be formal if one fourth of members minimally.

Note. There should be 15 days between election during first period and election during second period.

Article. 33-All costs of holding elections of trade unions should be covered by authority of free zone.

Article. 34-Head of surveillance should maintain vote papers for six month from date of election and then, dispose them in presence of members of surveillance forum. The details should be included in minute of the meeting and signed by members of the forum.

Article. 35-After election, if there is a complain concerning legitimacy of election, qualification of volunteers and/or performance of surveillance forum, plaintiff could deliver his/her written complaint in 3 days from date of holding election. The complaint should be accompanied by complete specifications of protesting person as well as supportive documents to surveillance committee. The committee could address the complaint in 1 week from receiving letter of objection and make proper decisions. If the vote is not accepted, another written complaint should be delivered to the secretariat of the Supreme Council. The secretariat should offer the final and absolute ruling in 1 week.

Article. 36-If complaint is not received in due time, head of surveillance committee or his/her representative could invite the elected members of the board of directors to join a meeting within next 5 days. In presence of members of surveillance, internal voting should be held to determine position of each members. In addition, letters of credit for elected candidates that are signed by members of surveillance forum will be given to them.

Article. 37-In the case that some members of the board of directors of the union cannot participate in meetings due to resigning, death, disease or deprivation from social rights, they are substituted by alternate members but the council will lose its formality. In this case, surveillance council should hold a meeting in next 3 months.

Article. 38-Duties and authorities of trade unions are:

- 1- Forming files for applicants and issuing business license by considering following terms:
A- Offering business document or official rental license, contract of mortgage or final decree of court of justice concerning necessity of signing lease contract or paying for rents in relation to governmental offices, principalities, cooperatives, among others.

Note: Receiving notarized letter of obligation from owners of typical documents suggesting that they have done the following:

- Offering license of lack of addiction.
- License of criminal clearance
- Medical examination card, license of health from Ministry of Health and Medical Education for those unions that are addressed by article. 13 of Law of Food, Beverage, Health & Beauty Items.²¹⁴
- Required documents for confirming possession of technical qualifications for specialized and technical jobs based on article 13 of Law of Union System²¹⁵
- A copy of identity card and national ID card for Iranians as well as password (for foreign citizen).

Note. Issuance of business operation for foreign nationals is dependent upon offering license of business from Ministry of Cooperatives, Labor and Social Welfare and license of authorities in free zones.

²¹⁴ Article. 13 of Law on Food, Beverage, Health and Beauty Items (amended in 2000-12-03)

Violation of health regulations including non-satisfaction of personal health, condition of building, and work items will be fined. Health regulations concerning centers for production, maintenance, distribution, sale and transportation of food items, beverages, beauty and health items and public places will be determined in executive bylaw of this article. Violation from above regulations will be fined to an amount ranging from 25.000 IRR and 500.000 IRR for each case of violation of health regulations. The value of fines issued could be increased in accordance to notification of Central Bank of Islamic Republic of Iran and approval of Board of Ministers. Officers assigned by Ministry of Health and Medical Education for surveillance of places and centers addressed by this law should introduce violators, cases of violation and other relevant details to relevant authority. In the case of positive verification of report, authority should issue warning to owners of the center and relevant persons in charge so that they can resolve health-related problems before the deadline. In the case that such violations are not addressed properly, the authority could order closure of the store. Alternatively, after addressing problems and confirmation of relevant authority, the business place should be reopened. In all of above cases, relevant court of justice should be involved.

Health regulations, duties and responsibilities of persons in charge of health issues and surveillance officers should determine the period of time necessary for addressing health problems and other issues regarding in execution of this article.

Note. 1-Owners of relevant centers could fill a lawsuit in qualified judicial authorities if they know that some measures have been done against the law.

Note. 2-Police officers should cooperate with officers of Ministry of Health and Medical Education during monitoring and closure steps.

Note. 3-Executive Bylaw of this law should be developed by Ministry of Health and Medical Education.

²¹⁵-Article. 13-Issuing business license for specialized and technical jobs requires issuance of technical and specialized license from relevant bodies. If the applicant has required conditions for obtaining technical and specialized license, presence of 1 person with specialized and technical license in the trading union will suffice for issuing business license in the name of applicant.

- 2- Introducing trade units lacking business license to Office of Surveillance of Public Places for conducting legal measures based on article 27 of Law of Union System²¹⁶
- 3- Developing annual budget up to end of February of the year and offering it for analysis and review by Council of Trade Affairs
- 4- Developing annual balance sheet and offering it before end of May of each year to Council of Union Affairs for review and approval.
- 5- Surveillance of activity of trade units
- 6- Offering suggestion for cancellation of business license to Surveillance Committee if proper conditions of employees and business place are compromised.
- 7- Offering suggestions regarding resolution of existing problems and barriers to Council of Union Affairs, Free Zone Authority and Surveillance Committee
- 8- Offering proper facilities for training unions independently or in participation of governmental organizations
- 9- Execution of approvals, instructions and other regulations issued by Supreme Board of Surveillance, Surveillance Committee and Council of Union Affairs
- 10- If there are disagreements between unions and Council of Union Affairs, the issue should be referred to Surveillance Committee of each free zone.

Article. 39-Financial resources of unions include:

- 1- Membership fee of members which is determined based on suggestion of union and approval of Council of Union Affairs and Surveillance Committee.
- 2- Aids received from real and legal persons
- 3- The fees received in exchange for offering training services, etc.

B-Council of Union Affairs

Article. 40-Council of Union Affairs has legal and non-profit person which could turn formal after registration in Ministry of Industry, Mine and Trade (Center of Union and Businessmen Affairs of Iran).

Article. 41-Number of members of board of directors include 3 heads, 1 vice president, 1 secretary and 1 treasury officer that are elected based on polls of heads of different trade unions.

Article. 42-Meetings of Council of Union Affairs could be formal if two third of members are present. The decisions made will be valid if half plus 1 of present members are affirmative.

²¹⁶ A-Previous article 27-A business place managed by unlicensed real or legal persons (temporary or permanent license) should be closed by notification of union and cooperation of police force

B-Article 27 (amended on 2013-09-03): A business place managed by unlicensed real or legal persons should be closed by notification of union and cooperation of police force.

Article. 43-Committee for Surveillance of Free Zones should holding election of board of directors of Council of Union Affairs in first session of each period.

Note. Details of election should match the guidelines that Secretariat of Supreme Council of Surveillance and Secretariat of Free Trade Zones develop. These guidelines should have been previously approved by Minister of Industry, Mines and Trade.

Article. 44-Duties and authorities of Council of Union Affairs include:

1-Surveillance of issuance and extension of license of applicants based on regulations of Union System and Free Zone Authority

2-Coordination between unions and surveillance of their performance

3-Developing and approval of administrative, official and educational bylaws of unions

4-Suggestion of creating new union, combining unions or classification of unions into two or more major unions

5-Establishing Unions Surveillance Unit

6-Addressing complaints of union members concerning decisions of unions

7-Developing suggested project and financial balance of Unions Affair Council and offering it to Surveillance Committee for Approval

8-Othr cases predicted in Law on Administration of Free Zones and Law of Trade System that are being enforced by Free Zone Authority.

Article. 45-Financial resources of Council of Union Affairs Include:

- 1- Receiving 20 percent of income of unions
- 2- Receiving fees in exchange for training and technical services
- 3- Donations of real or legal persons

D-Establishment of Unions Surveillance Unit

Article. 46-In order to monitor product of products and services and dealing with complaints of union units in free zone, relevant Union Affairs Council should cooperate with unions in developing Unit of Unions Surveillance.

Article. 47-Based on number of union units, the union should pay a fee for supplying human resources required by surveillance unit. The fee should be determined by Council of Unions Affair and Confirmation of Free Zones Authority.

Article. 48-After development of Unions Surveillance Unit, the Council of Trade Affairs should cooperate with authority in recruiting essential numbers of inspectors.

Article. 49-Inspector is a person who inspects union units and is assigned by Council of Union Affairs in coordination with and approval of Surveillance Committee. Within framework of programs of Union Affair Council and Free Zones Authority, the inspector should review the status of union units.

Article. 50-Head of Surveillance Unit is a person assigned based on suggestion of Council of Union Affairs and approval of Head of Surveillance Committee.

Article. 51- Head of Surveillance Unit should have bachelor's degree or its equivalent degree. He/she should be fairly familiar with union affairs.

Note-Selection of managers for Surveillance Unit out of members of board of directors of unions and Council of Trade Affairs is forbidden.

Article. 52-Inspectors of Surveillance Union should satisfy the following conditions:

- 1- At least, a bachelor's degree
- 2- License of military service or exemption of such service (for male applicants)
- 3- License of criminal clearance
- 4- Ability to inspect union units
- 5- Lack of addiction to drugs
- 6- Lack of moral corruption
- 7- An age ranging from 22 to 50 years old

Satisfaction of above conditions by inspectors and approval of their qualifications should be verified by relevant authority within Free Zone Authority.

Note. 1-Recruitment of employees for unions and Unions Affair Council is permissible if they resign from their previous positions in Inspection Unit.

Note. 2-Free zone authorities should offer location and facility for operation of Surveillance Unit.

Note. 3-Unions Surveillance Unit should offer reports of union unit performance annually to inspectors of free zones.

Article. 53-Inspection of union units should be done by teams made up of two members. During visitation of union units, inspectors should review legal duties of administrators of union units in the framework of Law of Union System and Law of Administration of Free Trade Zones.

Article. 54-During inspection of union units, if inspectors come upon cases of union violations included in chapter 8 of Law of Trade System (i.e. overcharging, low sales, fraud, profiteering off-grid supply, distribution and sale of smuggled goods, distribution, forced sale and lack of billing), relevant forms should be filled by director of Surveillance Unit daily and offer them to relevant legal authorities.

Article. 55-Steps for establishing Surveillance Committee and its tasks and duties

A- Surveillance Committee should be developed in the following manner and it should include the following figures:

- Managing director of free zone authority (head)
- Head of Office of Industry, Mines and Trade (secretary)
- Head of Judicial Department
- Head of Network of Health, Treatment and Medical Educations
- Plenipotentiary representative of (regional) Governance
- Head of Police Force
- Head of Unions Affairs Council

Note. 1-Surveillance Committee could invite qualified experts to attend the meetings but they have not the right to vote.

Note. 2-Meetings of the committee will be formal if at least 5 members are present. Decisions made will be enforceable by confirmatory vote of majority of members

B-Tasks and Authorities of Surveillance Committee

- 1- Surveillance of selection of unions and Unions Affair Councils
- 2- Addressing issues regarding budget, balance sheet and financial statements of Union Affair Councils
- 3- Other cases predicted in regulations of trade system and Law on Administration of Free Zones.

The bylaw includes 55 articles and 2 bylaws so as to execute article 88 of Law of Union System. It was approved by Minister of Industry, Mines and Trade on....

Financial and Trading Bylaw of Free Trade-Industrial Zones Organizations¹⁻²

Passed in 2013-02-17

By Member Ministers of Coordination Committee of Trade-Industrial Zones and Special Economic Zones with Further Modifications

1-Intended bylaw no. 48217T/15909 issued in.2013-04-20

2-Refer to paragraph A of footnote no. 12.

Chapter. 1-Definitions

Article. 1-The terms used in this bylaw are as described in the following:

A-Committee: Coordination Committee of Trade-Industrial Zones and Special Economic Zones

B-Organization: Free Trade-Industrial Zones Organization

C-Network: Trades Communications Network of Free Zones

D-Executive Activities: Persistent and definite operations and services conducted to attain annual objectives of the program.

E- Development Plan and Capital Expenditure: Set of definite operations and services including costs of study period and/or execution. In order to attain organizational objectives, after approval of budget in general assembly intended feasibility, technical, economic and social studies will be done in a definite period and through an assigned investment credit. Some or all of its executive costs are supplied from organizational income sources, general budget of government and/or credit aids.

F-Investment Activities: Set of definite operations done to realize objectives of the organization, enhance, improve and extend organizational activities or well-being of employees through feasibility, technical and economic studies. This type of activities should be approved by general assembly and included in annual budget.

G-Detailed Budget: Financial program of the organization is developed for 1 year. It includes estimated receivables and financial resources of the organization supplied from every feasible source as well as estimation of financial uses of the organization for executing operational plans per year and due payment of suspending financial obligations through different plans.

H-Tender: A competitive process for offering intended quality (based on tender documents) in which raised obligations of the deal are assigned to a party which offers the least price.

I-Auction: A competitive process for sale of products, services or rights of the organization in which subject of deal is assigned to the party offering highest prices.

J-Tender Holder: An organization which holds a tender based on the bylaw.

K-Tender Bidder: A real or legal party which receives tender documents and participates in tender.

L-Trading Commission: A board which undertakes the process of holding the sessions, determining winner, making decisions on revision or cancellation of tender/auctions and other relevant tasks in this bylaw.

M-Technical Financial Committee: A board composed of at least 3 expert members who are selected by managing director and head of board of management. The committee is supposed to evaluate suggestions from technical and trading perspective. In addition, other tasks assigned in the regulation should be conducted by the committee.

N-Qualitative Evaluation of Tender Bidders: Evaluation of competencies of tender bidders in fulfilling intended obligations is done through Technical-Trading Committee.

O-Technical-Trading Evaluation of Suggestions: A process in which specifications, standards, efficiency, durability and other technical-trading characteristics of the suggestions are assessed and acceptable suggestions are selected.

P-Financial Evaluation: A process in which the most suitable price is selected among acceptable suggestions in terms of trading and technical perspectives. This is based on following articles of the bylaw.

Q-Form Evaluation: Assessing completeness of documents and signatures as well as unconditional and readable price bids.

R-Exclusivity: Uniform applicant of the company for a trade determined through the following manner:

- 1- Announcement of Council of Ministers for products and services which are exclusively offered by state.
- 2- Issuing general notice or offering evidence of necessity of single applicant for trading.
- 3- Tender schedule: A document in which time and deadline of holding different stages of tender, validity of suggestions and due time for closing contracts are determined.

Chapter.2-Financial Affairs

Article. 2-Procedures and documents used for registering receivables, payments and other financial operations as well as documents, books and methods of classifying and maintaining accounts and development of documents, books, statements and financial reports of the organization will be premised on code of business and acceptable accounting principles within cash-accounting system framework. The codes and principles are issued based on instructions of council secretariat.

Article. 3-Based on requirements, the organization will open bank accounts to use credits of approved annual budget. In the case of satisfying regulations of this bylaw, the organization could open other accounts required for paying or continuing to use existing accounts.

Article. 4-The organization is permitted to open non-withdrawal separate bank accounts in approved banks so as to concentrate its incomes and relevant executive units to the number of bank accounts. Executive organizations and units should deposit their incomes into predefined accounts based on type of income source.

Note- After written order of managing director, head of the board of directors and a member of board of directors, transfer of organizational income to the bank is solely permissible for depositing income to payment accounts as detailed in article 3.

Article. 5-In order to concentrate the cash received as deposit, guarantee, and mortgage among others, a distinct bank account will be opened in one of credited banks. The organization is supposed to deposit the incomes received under intended titles to the account. Withdrawal from the account to return the fund to depositor or confiscation for benefit of the organization should be done through satisfaction of items of this bylaw. In terms of non-cash items, the organization is supposed to maintain the documents in a distinct box in department of finance and register them in associated books.

Note- If they undertake the responsibility, managing director and head of the board of directors could use deposits of the account to conduct organizational affairs. This could be done if the withdrawn fund is deposited at the time of refunding or settlement.

Article. 6-Manager of financial affairs department should be assigned based on suggestions of deputy director of management development as well as decree of managing director. In addition to fulfilling organizational tasks, the manager should fulfill the following tasks too:

- A- Developing financial statements of the organization based on financial and computational operations, adjusting accounts and issuing administrative reports required by management.
- B- Surveillance and coordination of execution of dominant regulations and laws of the organization as well as maintaining financial documents and books.

- C- Maintaining and transferring cash, accounts, and securities and persistent surveillance of due reception of incomes of organization and intended financial units.
- D- Surveillance of performance of authorities involved in financial affairs department and executive units.
- E- Identification and maintenance of value-based and Rial-based accounts of properties, machineries and equipment of the organization.
- F- Executing accounts coding based on a uniform format so as to create procedural unity and enable comparison of financial reports of organizations based on relevant instructions.

Note: In order to conduct financial affairs of executive units of the organization, manager of financial affairs should select a representative called “financial agent”. Financial agent is an individual executive unit with relevant academic degree (i.e. financial affairs) who is assigned based on suggestion of financial affairs manager and announcement of deputy head of management development. Fulfillment of financial and trading tasks and responsibilities of relevant executive units are undertaken by the agent.

Article. 7-Identification, fulfillment, facilitation and assignment of tasks are undertaken by managing director, head of the board of directors and/or their authorized representative(s). Budget manager is responsible for supplying and assigning funds. The financial affairs department of the organization is responsible for matching payments with law, statute and this bylaw.

Note: The authorities and responsibilities addressed in this article could be partially or completely, directly or indirectly assigned by above-mentioned organizational officials to other employees if associated regulatory conditions are satisfied. In such cases, the assigners will not be indemnified from their original responsibilities.

Article. 8-Organizational payments or executive units, should be done through bank accounts and via checks. The exception is cases where other arrangements are made in this bylaw and other practical regulations. The bank certificate should include the following details:

- A- Transfer of fund to beneficiary’s account.
- B- Payment to beneficiary or his/her legal representative.
- C- Money transfer orders payable to beneficiary or his/her legal representative.

Note- As identified by managing director, head of the board of directors or their authorized representatives, in exceptional cases where signature of fund receiver cannot or is not desirable to be received their confirmation of payment to beneficiary (via check or in cash) will be interpreted as receipt for fund receiver. The confirmation order will be inferred as expense.

Article. 9- In order to facilitate payment of expenses, essential revolving fund will be delivered to logistic units, suppliers or procurement officials. The remaining revolving fund should be paid out up to the end of financial year at most. The methods of assignment, extent and extent and applications of revolving fund are subjected to instructions issued by council secretariat.

Note-For paying revolving fund, reception of equivalent guarantee is essential. If receptor of revolving fund has claims regarding ending years of service, it will not be required to receive equivalent warranty. The warranty should be provided for equivalence of the difference. Settlement of service life claims of parties with assigned revolving funds depends on settling the status of their revolving fund.

Article. 10-In cases where payment of a definite fund is required before fulfilling the obligations (as conditions in the contract dictate), a certain amount could be determined by qualified authorities or a valid and sufficient guarantee could be established. Pre-payments should be settled based on the sequence determined in the contract and/or before delivering products or intended work.

Article. 11-In cases in which hurry or preparing essential documents makes paying all debts impossible or paying all committed money is not possible, a part of money to be paid could be regarded as provisional if credited authorities confirm the arrangement.

Article. 12-For some costs to be paid to the end of financial year but remain unpaid, sufficient reserve should be included in the accounts. These costs could be paid in the next financial year through generated reserved.

Article. 13-Documents of costs and purchases should be accompanied by the following documents:

A- Internal Purchases

1-Purchase Request

2-Purchase Receipt

3-Storehouse Receipt (In essential cases, record of product delivery will be regard as equivalent of issuing storage receipt)

4-Documents of tender or excluding formalities of tender based on each case

5-Order of payment

6-Confirmation of applicant in terms of matching technical conditions with initial purchase request

7-Copy of contract for contractual purchases

8-Foreign purchases

B-Foreign Purchases

- 1- Purchase request
- 2- Bank notification and in certain cases, seller's invoice
- 3- Documents for clearance of product
- 4- Storehouse receipt (in essential cases, record of product delivery is regarded as storehouse receipt)
- 5- Documents of tender or excluding formalities per case.
- 6- Payment order
- 7- Confirmation of request for matching technical conditions with initial purchase request
- 8- A copy of contract in terms of contractual purchases.

C-Contractual Services

- 1- Contract
- 2- Documents of tender and excluding formalities of tender per case
- 3- Invoice or record of status per case
- 4- Notifying increase or decrease of job
- 5- Confirmation of managing director, head of the board of directors or authorized official regarding fulfillment of subject of contract based on contractual conditions
- 6- Issuance of settlement receipt for contractual party by authorized legal entities for each case (Social Security Organization, Ministry of Economy and Finance, etc.)
- 7- Offering evidence of payment to beneficiary

D-Payments to Personnel (e.g. wages, overtime, occupational fee, and training fee)

- 1- Payment order
- 2- Receiving license of conducting jobs for changing monthly value and Rial equivalent by managing director, head of the board of directors or their authorized representative
- 3- Receipt of receiving fund or bank receipt of transferring fund to beneficiary

E-Abroad expenses of expedition officials could be paid after receiving license of authorized entities, issuance of order by managing director, head of the board of directors and/or their authorized representatives and offering sufficient evidence.

F-Other expenses such as invitation, catering, gifts, organizational formalities, employees' exercise and matches, purchase of books and journals (electronic and hard), e-ticket, flight ticket and training workshops as requested by authorized entities will be paid without satisfying items included in the bylaw, based on executive invoices or instructions, and supported by managing director, head of the board of directors and/or their authorized representatives from previously approved budget.

Note-Managing director and head of the board of directors could supply required documents in cases unpredicted in this bylaw.

Article. 14-Payment of aid or donation in cash or credit to governmental or non-governmental individuals or entities should be done within approved budget framework. In the case of getting a receipt from receiver, the transferred fund will be recorded in account of certain costs. The instructions required for implementing this article will be issued by council secretariat.

Article. 15-Debts of the organization refer to payable debts of previous years which the organization has undertaken involuntarily through one of the following ways:

- A- Finalized orders issued by authorized entities
- B- Different types of debts to ministries, entities and governmental bodies which are caused by offered services such as power and water subscription fee, communication fees, post and similar costs that are beyond authority of the organization.
- C- Other debts generated out of authority of the organization.
- D- Other personnel and non-personnel payments if there is available credit.

Chapter. 3-Budget and Financial Sources of Income

Article. 16-The organization is obliged to develop executive annual plan based on issued instruction of council secretariat. The executive plan should reflect strategic schedule of the organization (including expenses, construction plans and investments to achieve pre-determined objectives). The plan should be reflected in detailed budget of the organization.

Article. 17-Financial resources of the organization include expense budget, construction projects. general credits and contributions of the state in annual budget as well as other costs of settling annual debts, remaining budgets of previous years, other resources and gifts and public contributions and bank loans.

Note.1-The finance that an organization needs should be supplied from general financial resources of the state per year. The finance should be assigned in previous year based on subject and total cost of services. Estimations should be done by the organization. The numbers should be offered by the organization to general council so as to be included in public budget of the country.

Note. 2-If income sums are revived and deposited into organization's income account based on uncertain estimations, some arrangements should be made. After calculations are done, the required adjustments in organizational accounts should be done in the next two months. The

excess amounts should be returned. In the case of requirement of reflection in annual budget, the procedure should be reflected in a modified budget and offered to public council.

Article. 18-Assignment of resources to executive units should be done based on policy of general council of the organization, received incomes and assigning announced resources included in detailed budget. This should be aligned with expense-related and constructional operations of the organization in a workshop made up of managing director, head of board of directors, vice president of management development, manager of community affairs and internal accounting, manager of financial affairs, and budget manager. The process should be done based on performance of units and announced by vice president of management development department. The executive units are obliged to act based on assigned plan and budget. Head of executive unit will be responsible against managing director and head of board of directors.

Article. 19-In the case of modifying executive plans of the organization or change of predicted resources, development of a modified version of detailed project will be possible if regulations are considered and general council approves it. In payments, personnel payments and primary organizational missions are priorities.

Article. 20-If organizational budget has not not approved by general council at the beginning of financial year, the budget of previous year will be practiced to prevent any delay in conducting organizational affairs. This procedure should be coordinated with council secretariat and it could continue until the new budget is approved and issued.

Article. 21-Donations, gifts and contributions will be expended based on intentions of donators and based on instructions that council secretariat has issued. ³

3-Refer to article no. 21 of financial and trading bylaw of trade-industrial zones organizations developed by secretary of coordination council which was passed in 2013-11-10.

Chapter. 4-Trades

Article. 22-In term of price, trades are classified into 3 groups.

A- (Modified in 2014-07-26); Small Trades refers to those trades which are priced less than 150.000.000 Rial.

- B- (Modified in 2014-07-26); Medium Trades refers to those trades which are between top value of small trades and not more than 10 times of such trades.
- C- (Modified in 2014-07-26); Large Trades refers to those trades whose initial estimations show a value which is higher than top value of small trades. 4

Note. 1-At the beginning of each year, council secretariat suggests prices limits of trades for approval by the council.

Note. 2- Trade price of purchase is used for small and medium trade while for large trades the estimated value (as determined by person in charge of purchase unit) is the basis of decision making.

Note. 3-Sale trade price is the value evaluated by expert of trade committee.

Note. 4-The value or estimation of trades should not be downgraded through distinction between items that are generally put in a definite set.

Article. 23-In terms of reviewing steps, tenders are classified into the following types.

- A- Single-step: A process in which technical-trade evaluation of suggestions is not required based on recognition of highest position in the organization or an authorized official. In this process, offer pockets are opened in a session and the winner is determined in the same session.
- B- Dual-step: A process in which highest organizational authority or his representative sends offers for technical-trading analysis. In this case, technical-trade committee is formed, offers are evaluated and results of technical-trading evaluations are reported to trading committee. Based on instructions of the bylaw, winner of tender will be denoted.

Article. 24-In terms of inviting tender bidders, the tender is classified into the following types:

- A- General Tender: A process by which tender bidders are invited through public ad.
- B- Limited Tender: A process through which limitation of tender is confirmed based on demand of applying unit, mentioning reasons and agreement of top organization authority. In this case, invitation to tender is communicated solely through sending notices to authorized tender bidders.

4-This item was modified based on letter of modification by secretary of state council.

Article. 25-Decisions regarding large trades should be made by trading committee. The committee is composed of the following members:

- 1- Managing director or his representative
- 2- Vice president of organization management department of the organization or an individual who is in charge of administrative and financial affairs
- 3- Technical expert of an organization or a unit who demands a tender
- 4- Manager of legal affairs of the organization
- 5- Surveillance and performance evaluation manager

Note. 1-Commission will be official if all four members mentioned above are present. All of attending members should offer their ideals and decisions of committee will be valid based on votes of majority of members.

Note.2-Based on the case, secretariat of trading committee could invite technical, financial and legal experts to participate in committee sessions and offer their comments. The experts should not have any interest in subject of trade.

Article. 26-Duties of trading committee will be as described in the following:

- A- Holding sessions of trading committee in due time
- B- Review of suggestions in terms of completeness of documents and signature, their readability and offering unconditional prices (format analysis)
- C- Referring required technical analysis of offers to technical-trading committee in a dual-step process
- D- Assessment of offers and making acceptable offers based on conditions determined in the papers
- E- Determining first and second winners based on terms of this bylaw
- F- Developing minute of tender
- G- Making decisions regarding extension or cancellation of tender

Article. 27-The process of holding tender should be done through the following steps:

- A- Supplying finance for addressing subject of tender
- B- Determining type of tender in large trades (single-step or dual-step, public or limited)
- C- Preparing tender documents
- D- Tender invitation
- E- Qualitative assessment of tender bidders if necessary
- F- Evaluation of offers
- G- Determining winner of tender
- H- Closing contract

Article. 28-Financial resources in the tender will be supplied as described in the following:

- A- Trade depends on the fact that the organization assures of right estimation of financial resources during the contract and conveys the procedures in associated documents.
- B- Financial estimations and offered guarantees to deal with delays in fulfilling trading commitments should be explicitly reflected in terms and documents of the tender which the organization develops.

Article. 29-Tender could be done in one of the following methods:

- A- In small trades, procurement officer or supplier should conduct the deal with best quality and lowest possible price based on his own responsibility, after researching on price of products and services, paying attention to interest of the organization and receiving a final invoice. The details should be communicated in a signed form which mentions his full name.
- B- In medium trades, procurement officer should obtain written price notices by consultation with at least 3 sellers. In these notices, type of traded product and services and their specifications should be clarified. The sellers of products and services should mention offered prices, their duration of validity and addresses. The notices should be signed too. The procurement officer should notify at the bottom of notices that he/she has personally demanded for prices. He should include his full name, position, signature, and date. Then, the form should be offered to highest person in charge of procurement unit. After reviewing process, the person in charge should adopt for the trade with the least price which satisfies the best interests of the organization.

Note: In the case that less than 3 people are preset in sales site, the procurement officer should obtain prices from each one of them and report the details in written form to the superior person in charge so as to notify the general manager or his/her authorized representative. In the case of confirmation by authorized official, the procurement officer could proceed by considering interests of the organization in mind.

- C- Major (large) trades could be done based on suggestion of managing director and approval of board of directors. The process could be done via limited tender, public tender or excluding formalities.

Article. 30-Qualitative Evaluation could be done as described in the following:

- A- In qualitative evaluation of tenderers, the following items should be considered:
 - 1-Assuring quality of products and services
 - 2-Being experience in intended field
 - 3-Good reputation
 - 4-If necessary, possessing professional license or qualification license
 - 5-Financial capability to conduct the subject of trade, if required.

- B- The steps for qualitative assessment of tenderers are as described in the following:
- 1-Determination of evaluation criteria and relative significance of criteria: Proper evaluation criteria will be defined based on subject of trade. The criteria include certain items such as executive experience in conducting similar jobs or jobs at hand, good background and satisfaction with previous jobs, innovations in running similar tasks, equipment and machineries being used or available, efficient management, proper management system, quality system for conducting the task, competency of technical personnel, key knowledge and experience related elements, amount of capital, financial and support potential, higher priority for local contractor, experience in project site (equipment for offering after-sale service for equipment, software and similar items), and executive potential (depending on other tasks at hand, value and Rial-based estimation, wages, services or rights).
 - 2- Developing evaluation documents
 - 3-Reception, filling in and forwarding of evaluation documents by applicants
 - 4-Evaluation of received documents and scoring and ranking each tenderer
 - 5-Developing a list of authorized tenderers, their ranks and scores (developing a short list)
 - 6-Documentation of qualitative evaluation of tenderers

Note: The organization should consider principle of competition between all tenderers and develop a list of qualified parties, their ranks, and executive competency to conduct different tasks.

Article. 31-Tender invitation should be developed in the following manner:

- A- The invitation form should include the following items:
- 1-Name and address of organization for receiving documents and other items
 - 2-Type, quantity and quality of products, services and rights
 - 3-Location, time and deadline for receiving documents, delivering offers and opening pockets of offer
 - 4-Notification that offers without signature, conditional or unclear offers, and offers received after expiration date will not be processes.
 - 5-Estimated value of a deal and its principles (if announcing them is possible and desirable). In cases of available basic price list, relevant estimation should be developed based on the list.
 - 6-Type and amount of deposit (guaranteeing the company in tender in an absolute manner).
 - 7-The invitation should notify that tenderer should offer valid guarantees, deposit equivalent amounts to bank account of the organization, write a guarantee check. The receipt of deposit, guarantee notes or check should be attached to the offer. The offers

without deposit, unclear or less than due deposit, and personal check etc. will not be processed.

8-In invitation notice, other information and details should be included in tender documents.

9-Point out sequence of receiving documents.

B-Invitation should be put out through established channels. If authorized officials accept, the invitation form should be published two or three times in public national or provincial newspapers (along with mentioning the way to access the information of the network). In addition to above-mentioned channels, the organization could announce the invitations through collective media and news websites.

Note: If an international tender should be held or foreign finance is needed, the associated licenses for absorbing loads and holding international tender should be obtained. The notice of tender should be published for at least 1 time in public newspaper, domestically published English newspapers or a relevant international journal or newspaper.

Article. 32-The following arrangements for all tender documents should be made:

A- All tender documents should be similarly delivered to all applicants.

B- Documents of tender should refer to the following items explicitly:

1-Name and address of tenderer

2-Type and amount of deposit/ corporate guarantee for participation in tender

3-Location, time and deadline of receiving documents, delivering offers and opening offer pockets.

Note.1-It is essential to include a sentence on “permissibility of tenderers’ presence in the session of opening offer pockets” and point out the duration needed to review offers and determine the winner.

4- Method of developing offers, determining a deadline for receiving offers and pointing to number of required copies

5- Suggested price should be definite and based on percentage of deduction or addition to denominated unit of products, services and rights. The offers should be delivered in sealed pockets to secretariat of the organization in a confidential manner. The pockets should be opened in a session of trading committee.

6- Prepayment amount and guaranteeing good performance

7- Duration of credibility of offers

8- Job description, technical-trading specifications, standards, type, quantity and quality of products, services or rights.

Note-The specifications should not imply selection of a distinctive party (legal or real) or country.

- 9- Planning for conducting the task or delivery of products, services and rights (sequence of transportation, insurance and extent damages if delay occurs)
- 10- Criteria and methods of conducting qualitative assessment of tenderers
- 11- Principles and methods of determining winner of tender along with effectiveness of technical-trading assessment on suggested price should be explicitly discussed through technical-trading and financial review of suggestions
- 12- Text of contract, including agreement, general and private conditions as well as annexes
- 13- Minute of meetings and discussions as included in article 36
- 14- Other documents deemed by organization as essential
- 15- Recognizing the fact the organization is authorized to reduce or increase value of products, services and rights up to 25 percent.
- 16- Announcement of legal commitment of the organization regarding legal deductions of the contract and obligations of other party to cover the expenses of insurance, tax and tariff of the contract.

Note: If the organization regards registration of contracts in official registration office as essential, the notice should point out that cost of registering contract and payment of tax, fees and tariffs should be covered by winner of tender as associated regulations dictate so.

17-The following paragraph should be included “If winner of tender does not proceed to closing of contract and finalization of trade in pre-defined site and does not sign the associated tender documents, the relevant deposits will be confiscated, trade will be finalized with second top winner of tender. The same measures will be done for second winner if he/she/it refrains from closing the contract before the deadline. Before closing the contract or offering guarantee for fulfilling obligations by tender winner, deposits of second winner will not be returned.

18-Amount of guarantees to fulfill obligations, and arrangements for receiving and returning guarantees

19-Including paragraph C of article 39

20-Mentioning the paragraph “Winner of tender cannot assign some of all of subject of trade to a third party without written approval of the organization.

Article. 33-In the case there are limitations in holding public tender, the relevant unit should report the reasons. Limited tender could be confirmed by managing director after interests of the organization are preserved. The following arrangements should be made:

- 1- Organization sends an invitation to qualified persons based on the list contained in article 30 so as to announce it is ready to participate in the tender.
- 2- Based on items of article 30, competency of people in participating in the tender, delivering associated documents before deadline and fulfilling their obligations will be reviewed by technical-trading committee.
- 3- The relevant committee determines qualified people in term of priority and communicates the results to trading committee.

Note: If managing director and the board of directors confirm it, and further delay of evaluation is not to the best interests of the organization, item 1 in paragraph B of article 30 could be excluded. Technical-trading committee should comment of competency of parties in fulfilling their obligations based on latest obtainable information (i.e. evaluations during past two years).

4- Trading committee secretariat forwards a list of qualified persons (i.e. short list) and forwards a tender invitation to their addresses.

Article. 1- Number of afore-mentioned persons invited for limited tender should be determined beforehand and confirmed by managing director. Minimum number of candidates will be 7.

Note. 2- The enlisting of candidates will be recognized by managing director as unnecessary if short list of qualified person developed in less than two years ago remains unchanged (without adopting note 1).

5- If qualified people are less than 7, secretariat of trading committee should inform the managing director regarding next options (i.e. communication of arrangement and/or sending invitation to qualified persons). The final decision (e.g. reducing minimum number to number of participating qualified persons) should be made by managing director.

Note. Consideration of relevant regulations of public tender in limited tender is also essential if the regulations apply.

Article. 34- Sequence of developing and delivering offers is as described in the following:

- A- Tender participants should make their offers and deliver them to the organization in the following sequence after they receive or purchase the documents:
 - 1- Developing and filling in documents and suggestions
 - 2- Delivery of offers in due time to recipient of tender offers
 - 3- Receiving receipt of offer delivery
- B- Deadline of accepting offer should be sufficient. In domestic and international tenders, deadline for delivering tender documents should not be less than 40 days.

Note. If communication of tender invitation is done via press and network as well as electronic format so that applicants access them instantly, the date of first communication will dictate the deadline of accepting offers and delivery of tender documents.

Article. 35-Conditions of delivering offers will be as described in the following:

- A- Unless predicted in tender documents, none of tender participants could make more than 1 offer.
- B- Conditions of tender for all tenderers (governmental, public or private) should be identical such as offering guarantees, contractual conditions, way of modification, delivering documents, specifications and conditions of fulfilling obligations among others.
- C- Tender participants should keep tender documents and offers in separately sealed pockets and deliver them the organization as described in the following:
 - 1-Guarantee Pocket (Pocket A) including corporate's letter of guarantee for the tender
 - 2-Technical-trading Pocket (Pocket B) including technical, contractual and legal documents
 - 3-Price Pocket (Pocket C) including price offer

Note. In invitation arrangement, it should be notified that all pockets should be sealed and stamped. They should be delivered in due time.

- D- The organization is supposed to receive all delivered offers of participants and protect the pockets up to the session for opening the pockets.
- E- Delivery, modification, replacement or retrieving of offers should be done before the deadline and done as specified in tender documents.

Article. 36-Description and discussion of documents should be done in the following manner:

- A- If participant finds a problem or ambiguity in tender documents, he/she/ it could ask the organization for further information.
- B- Explanations and response to tenders' questions should be offered to all tender participants. In the case of holding a meeting for explanation of documents, its minute as well as revised versions of tender documents should be delivered to tender participants if article 57 is to be observed.

Note. The organization should endeavor to offer clear and unambiguous documents for the tender so that tender participants can explain tender documents properly and offer their suggested financial conditions and offers within the framework of tender conditions.

Article. 37-Opening of offer pockets should be done as described in the following:

- A- If offer or offers are received before the deadline, trading committee could open pockets of offers in pre-notified time and location and make decisions as detailed below.
- B- Steps of opening offer pockets are:
 - 1-Developing a list of document recipients, tenderers, present people and participants in the session
 - 2-Opening guarantee pocket (A) and its controlling
 - 3-Opening technical-trading pocket (B) and its control in terms of completeness of documents, clear signatures on them. This should be followed by exclusion of unacceptable offers in single-step tenders.
 - 4-Delivering technical-trading pockets (B) to technical-trading committee in two-step tenders
 - 5-Opening price pockets (c)
 - 6-Developing and signing minute of opening offers by trading committee secretariat
 - 7-Delivering denied price and guarantee offer pockets to secretariat of trading committee to be returned to beneficiaries.
- C-In the case of arranging for a two-step tender, time and location of session for opening price pockets (c) will be notified before. This date could be extended once up to the date that offers are valid. In this case, offer pockets (C) will be maintained in secretariat of trading committee in a sealed and stamped container. In single-step tenders, price pockets will be opened immediately and winner of tender will be determined based on article 40.
- D-Secretariat of trading committee is supposed to invite tenderers or their representatives to attend the session of opening financial offers (price pockets (C)).

Article. 38-Technical-trading assessment of offers should be done in the following steps:

- A- In two-step tenders, the organization is supposed to adopt criteria and methods notified in tender documents to conduct qualitative assessment of tenderers and technical-trading evaluation of offers.

Note-Based on the case, domestic and international standards as well as method of evaluating technical characteristics of offers and factors affecting this evaluation (e.g. evaluation criteria, measurement index, score range and principles of determining it for each measure, relative significance of measures and minimum acceptable technical score) should be determined and include in tender documents.

- B- If technical-trading review of offers is required, the results of review should be communicated to trading committee based on the deadline it determines. In the next meeting of the committee, report of technical-trading committee will determine the price pockets of those respondents who get the required technical-trading score.

Note. 1-If technical-trading analysis of offers is necessary, the deadline for trading committee to offer its results will be extended up to two times of previously defined deadline for the committee. In this case, approval of managing director will be required. If deadline for determining winner is surpasses, the organization should communicate the issue to tenderers. In this case, none of the tenderers could notify their relinquishment. In this case, their deposits will be returned.

Note.2-Concurrent with review of technical documents of tenderers, the organization will review legal and contractual documents. If there are ambiguities, revolving differences between received offers and tender documents is required. If required, a reasonable deadline should be announced to participants for addressing ambiguities.

Note. 3-Technical-trading committee should report offer reasons for rejecting offers on technical bases. In addition, the committee should prioritize acceptable reasons and report the degree they match with specifications of the tender (technical score). The results should be reported to trading committee. The principles of technical reviews and determining the degree that they match with paragraph A will be reflected in technical trading committee's report. In addition, the reasons behind mismatch will be raised too.

C- Any technical-trading review will be allowed before opening pockets of price offers (C Pockets).

D- Price pockets of those tenderers who were rejected in technical-trading evaluations should be returned without opening them.

Article. 39-Financial evaluations and determining winners should be done as described in the following:

A- In tenders in which the most suitable price is determined through technical-trading and financial assessment of offers, the price will be recognized as top offer. If top offer is the least price in the tender, it will be announced as winner. Otherwise, trading committee reports its final decision regarding top offer and accompanies it with a justification report. In other cases, it suggests conducting the tender for second time. The secretary of the board of directors should take some measures and make some decisions on holding another board meeting. Within the next two weeks, the decision should be communicated to secretariat of the committee. Based on ideas of board of directors, the committee will make a decision regarding announcement of top offer as winner or arrangements to hold the tender for second time. If the board does not offer its comment within two weeks, trading committee should announce top offer as winner of tender. Consequently, secretariat of the committee should inform the result to board of directors.

Note. Principles and methods of financial evaluation as well as effect of technical-trading review on prices should be included in tender documents.

B-In other tenders, if minimum suggested price (or suggested offer for cases in which tender has repeated once and only one offer is made) is deemed fair by trading committee and if it is technically acceptable, the offer will be announced as winner. If minimum offer (or suggested offer for cases in which tender has repeated once and only one offer is made) is deemed to be fair from viewpoint of the committee, the tenderer will be excluded from the tender. Otherwise, the committee should repeat the tender or ask three qualified persons for the price and reports the result to trading committee. If minimum price obtained during price request process is less than minimum price suggested in the tender, the following arrangements should be made:

- 1- If difference between the two prices is less than 5 percent and if the sole tenderer offers the least price, he/she/it will be announced as winner. Otherwise, the committee will recognize the tenderer offering the least price and will refer the tenderer to general manager for final confirmation of the tenderer as winner.
- 2- If minimum price obtained through price-calling process is equal with/higher than minimum offer in the tender or if nobody offers a price and/or number of volunteers is less than 3, the committee could announce the person offering the least price as winner of tender or opt for holding the tender for second time.

C-In order to evaluate and calculate equivalent values of offers made in foreign currencies, the equivalent exchange rate will be the rate announced by Central Bank of Islamic Republic of Iran. In these cases, mean exchange rate in 7 consecutive days up to 3 days before opening price pockets of tenderers (pocket Cs) should be used for evaluating and matching received offers.

D-If tender is held for different items (product, service or law) and price of one or more suggested items is lower than some offers but higher for other offers, trade will be finalized with a party whose price is generally more favorable. The exception is when purchasing of trade items from different purchasers is more cost-effective. If conditions of delivery and other favorable characteristics contribute to organizational interests, the subject of trade will be distinguished into item categories and each category of products, services or rights will be purchased from most desirable sellers. In such a case, the details are noted in tender invitation and tender documents.

Article. 40- Except for cases included in this bylaw, determination of winner should be as described in the documents. Any negotiation with tenderers or winner for receiving discount or change of price and contractual conditions will not be accepted. Any discount and or change of price by tenderers will not be accepted and the only criterion for determining winner is the price that each participant offers in a sealed pocket to the organization. Trading committee, technical-trading committee and persons in charge of the organization should consider the durations that

suppliers of products, services or rights include in their offer papers and act in a way that expirations of those dates do not cause losses on the organization.

Note. If certain arrangements are made regarding reducing or increasing price in tender documents, the organization should act accordingly.

Article. 41-In cases in which trading committee announces the winner, his deposit and deposit of second-ranked tenderer will be maintained and deposits of other tenderer should be immediately released.

Note: The second-ranked offer could be announced if difference of his offered price from that of winner is less than guaranteed price. Otherwise, announcing his rank will be forbidden and his deposit will be released.

Article. 42. If no offer is received after invitation and communication within the network, managing director could extend the tender. If no offer is received in the second tender, managing director should inform board of directors for making further arrangement regarding the way to finalize the intended trade.

Note. Information of trade (including tender and its exclusion) should be communicated to the public via the network. The exception is that type of trades which the council decides not to disclose.

Article. 43. The new conditions for extension and cancellation of tender are as described in the following.

A-Tender will be repeated in the following conditions:

- 1-Low number of tenderers in regard to permissible limit (at least 3 offers in first tender)
- 2-Expiration of offers and lack of participants' or winner's agreement with extending period of validity of the offer.
- 3-Refrainment of top or second winner of tender from closing the contract
- 4-High prices so that no economic justification could be presumed for the tender or winner' offer for tender is presumed by trading committee to be significantly and unacceptably different from estimated price.
- 5-Vote of complaint resolution board regarding tender.

B-The tender will be cancelled in the following conditions

- 1- There is no more need for procurement of products, services or rights for which the tender was held.

- 2- Many changes in tender documents are required and nature of tender is consequently changed.
- 3- Unexpected events such as war, earthquake, flood and others.
- 4- Trading committee's recognition regarding collusion between tenderers.
- 5- Vote of complaint resolution board regarding tender.

Note. The organization should notify renewing or cancellation of tender to all tenderers based on the note of article 42.

Article. 44-Arranging for tender is not required in the following cases and the organization could finalize the intended deal without tender:

- A- Procurement of tangible assets, services and rights which managing director, his/her authorized representative and/or the board of directors take charge of and recognize as unique and different.
- B- Procurement, hire-purchase or renting intangible assets. In these cases, value of trading subject will be determined by managing director and/or his/her authorized representative. In addition, a board of experts made up of three members who are selected by the board of directors will involve in the process.
- C- Procurement of assets, products, and services with determined prices and/or rights the rates of which are determined by authorized legal authorities.
- D- Procurement of research and educational services in the framework of approved educational and research framework which managing director consider as not requiring tender. In this case, interests of the organization should be considered.
- E- Procurement of cultural and artistic services and fine arts which managing director consider as not requiring tender. In this case, interests of the organization as well as Islamic principles should be considered.
- F- Procurement of consultation services such as engineering and technical-trading consultation such as study, design and/or management of design, execution and surveillance or any type of consultation and experts' services (real persons).
- G- The deals in which a party is a state ministry, governmental bodies and non-governmental entities and institutes that 50 percent of their shares or capital is owned by above-mentioned entities, consumer cooperatives and ministerial and organizational personnel cooperatives.
- H- Procurement of spare parts for replacement and/or completion of fixed and mobile machineries and equipment as well as tools and equipment of precise measurement, scientific, laboratory and technical tools which managing director considers unsuitable for tender. Determining trading cost could be done by at least one expert or representative that managing director appoints.

- I- Repair of fixed or mobile equipment and machineries in manufacturing units as determined and undertaken by managing director and/or his authorized representative while interests of the organization are considered.
- J- Deals which the council undertakes the responsibility of and determines to remain undisclosed.
- K- Purchase of stocks (which the organizational regulations and statute recognize to be authorized) and obligations of executing judicial decrees

Article. 45-Consideration of national and domestic standards in conducting commercial trades (e.g. procurement of products, services or rights, contractor's affairs, etc.) is essential. In cases where domestic and national standards have not yet been developed, international standards could be referred to. The exceptional cases will be determined by managing director. In such cases, managing director should inform the board of directors and auditor of the organization simultaneously.

Article. 46-In cases where justification report or reasons offered by associated units point to impossibility of arranging for tender, one could arrange for the deal differently. In this case, the board should consider organizational interests and arrange for such deals for a distinctive type of product, service or right based on other regulations. The board will be formed after invitation of directing manager and its decision will be valid after majority vote of members. Ideas of each member regarding the justification report and sequence of trading should be maintained for future review.

Note.1-If necessary, selected members of general assembly could use experts' comments based on subject of trade. In this case, expense of seeking consultation from experts should be undertaken by the organization.

Note. 2-In relevant cases, the organization should assure of competency and qualifications of parties of trading and/or technical specifications of products, services or rights to be traded in relevant cases.

Note. 3-The organization should include the essential items of this bylaw and other relevant regulations in contracts it finalizes with subsidiaries.

Article. 47-The board for excluding formalities of the tender is made up of managing director, vice president of management development department and a person selected by general assembly. If value of deal is more than 50 times of top limit of small trades, the board and the board of directors should authorize it. If value of trade exceeds 200 times of top limit for small trades, the trade could be proceeded after approval of the board.

Chapter. 5-Closing Contract and its Terms

Article. 48-Closing contract could be done as described in the following manner:

- A- Contract with tender winner should be closed after date of receiving offers is expired. This period could be extended at most once and for a predicted period of time. When contract is closed, deposit of second winner will be returned.
- B- If top winner refrains from closing the contract or does not offer a guarantee for fulfilment of intended obligations and if this status continues for domestic top candidate and second-ranked foreign candidate for maximum 7 and 15 days respectively (i.e. refraining from fulfilling contractual obligations or offering guarantees), their deposit will be confiscated for the benefit of the organization. The next candidate will be elected for closing the contract. This is conditional upon the fact that difference between offers of first and second candidate does not exceed deposit of first candidate. Above-mentioned deadlines could be doubled if there are sufficient evidence and reasons and if the managing director approves them. These notes should be included in documents and terms of tender.

Note. 1-In the case second-best winner of tender refrains from closing the contract in a definite period of time, his deposits will be confiscated to preserve interests of the organization. Then, tender will be renewed. This point should be noted in conditions and documents of the tender.

Note.2-In cases which the winner of tender refrains from fulfilling his obligations after closing the contract, managing director and the board of directors could opt for assigning the same contract to the second winner if it is possible to conduct the trade with similar terms and price. If this arrangement is impossible to make, the tender should be renewed.

Article. 49-Organizational trades require closing of contract before offers expire. The arrangements for proceeding should be premised on regulations and instructions that the board of directors has already approved.

Note. In the case of small and medium trades in which traded item is delivered within 10 days from end of administrative formalities and that are paid for or received in cash, conducting the trade does not require a contract to be closed. However, invoices, receipts for procurement of products, services and rights and other documents (depending on type of trade) should be received.

Article. 50-The following items should be included in the contract:

- 1- Name of dealers
- 2- type and value of deal as well as characteristics of dealers

3- Duration for fulfilling obligation, location and conditions of delivering traded item

Note. Unless noted in invitation or documents of the tender, it is forbidden to score the winner of trade, assign organizational facilities, or prepayment to winner of tender as contract is being closed or the task is being done.

- 4- Sequence of actions and value of losses delay fulfillment of contractual obligations partially or completely.
- 5- Requirement for delivery of product based on certified sample and documents. If a sample is presumed to be offered, a sample of product should be stamped by both parties of the contract and maintained in the organization.
- 6- Tender winners should notify that they are completely informed of specifications of products, services or rights and there is no ambiguity to be addressed.
- 7- Authority of an organization to reduce or increase to-be-traded items up to 25 percent of the amount noted in the contract.
- 8- In cases that fulfillment of tasks is compensated by paying a definite unit of value, the value and sequence of payments should be determined based on value of trading and included in the contract. The value of fulfilled tasks should be determined based on unit value and paid out.
- 9- If requirements allow allocation of pre-payment or loan to tender winner, amount and sequence of payment should be included in terms and documents of the tender.

Note. 1-Settling prepayment and providing loans in a tender is dependent on obtaining valid and acceptable guarantees.

Note.2-Prepayment should not exceed 25 percent of trading value (in special cases, managing director and/or the board of directors could opt for higher percentages) and terms and values of prepayment should be included in relevant documents.

10-The deposit for securing good performance should not exceed 10 percent of value of contract. The method of paying installments and return of the deposit should be reflected in terms and documents of the tender.

11-The gap between temporary delivery and finalized delivery should be reflected in contracts for constructional tasks such as development of building, facilities and tools.

12-Confession of inconsideration of the law which forbids ministers, parliament members and employees from involving in state and national deals passed in 1999.

13-Other obligations reflected in contractual terms and documents as well as agreements between two parties of the trade if no other extra-contractual privileges are presumed for the parties.

14-Noting the condition that lack of fulfilling the obligation enables the organization to confiscate the guarantee, ask for compensation of losses and assigned the contract to second winner.

15-Inclusion of other items which are essential based on type of trade for products, services and rights.

16-Determining conflict resolution entity if there are problems or faults in fulfilling subject of trade and paying contractual obligations.

Note. Article 139 of constitution of the Islamic Republic of Iran should be referred to in determining conflict resolution references

Article. 51-Delivery of items to be traded should be done in the following manner:

A- In regard to small trades, delivery of traded item could be done via obtaining storehouse receipt or delivery of recipient.

B- In the case of medium and large trades, delivery of traded item should be certified and undertaken by person in charge of storage facility and/or representative of relevant department for reception of products, services or law and head of demanding unit or his authorized representative.

Note. 1-Delivery of item to be traded should be case-based and recorded in a receipt issued by storage facility or representative of relevant department for reception of products, services or rights, head of applying unit and/or his/her representative.

Note. 1-Delivery of trading item should be recorded by receipt issued by storehouse keeper or a written report. In either case, it should be explicitly notified that “Trade product, service or right match the sample and specifications reflected in tender documents and terms”.

Note. 2-In cases in which the product is delivered in a site out of storage facility and does not enter the facility, the arrangements of this article as well as its notes should be noted. The recipient of product should act instead of storehouse keeper. Receipt or report of delivery will be regarded as equivalent of storage facility’s receipt or notice of delivery.

Note. 3-In the case delivered product, service or rights are defective, addressing them requires assigning financial resources and time. In the case that a unit requires and accepts defective products, services or rights, the recipients could immediately determine the extent of loss and difference of prices and offer the required products, services or rights. The arrangement contained in this note should be reflected in terms and documents of tender and contract.

Note. 4-In the case of contractor-specific contracts, it is essential to comply with general terms of contract in free zones.

Article. 52-Tender could be done in one the following methods:

Before arranging for the tender, the items to be traded should be assessed by experts selected by trading committee. After confirmation of trading committee, the assessed value should be regarded as basic trading value.

A-In the case of small trades, sales official should visit trading volunteers and finalize the trade after research on the price and considering interests of the organization. The official should state that the trade was finalized with best possible value and includes his full name, position, date and signature in document.

B-In medium trades, to-be-traded item should be evaluated by selected expert of trading committee in terms of its price. After receiving three written notices, the purchaser who offers the highest price will receive the item after confirmation of logistic officer and vice president of management development department. If no purchaser volunteers to offer the least price (i.e. assessed price), the subject will be revaluated by expert of trading committee.

C-In large trades, one of the two following methods should be practiced:

- 1- Holding general tender through broadcasting ads.
- 2- Arranging for limited tender

Note. 1-In tender advertisement, the conditions noted in this bylaw for publishing advertisement should be satisfied if they match the objective of tender.

Note. 2-Regulations included in this bylaw in regard to forming trading committee, making decisions in the committee, closing the contract and delivery of trading item should be executed if they align with conditions of tender.

Note. 3-Sale of items that trading committee determine to be quickly decomposing could be done without keeping trading price of medium or large trades and solely through written notice.

Note. 4-Assignment of land for executing investment projects in free zones is excluded from regulations included in this bylaw. For dealing with this subject, bylaw for use of land and natural resources in free trade-industrial zones of Islamic Republic of Iran (approval no. 253T/16448 dated 1994-04-30⁵), executive instructions announced by committee secretariat and organizational statute are executive references.⁶

Note. 5-In trades in which require participation of organization in execution of project, what the organization offers (e.g. privileges, properties and assets) should be notified by an expert board made up of three members which are elected by regional trading committee. These privileges, assets and properties should be included in cooperation notices as organizational shares.

5-Refer to bylaw of land and natural resources bylaw of free Trade-Industrial zones of Islamic Republic of Iran passed by member ministers of the Supreme Council of Free Trade- Industrial Zones (dated 1994-03-14).

6-Refer to executive instruction in land and natural resources bylaw of free trade-industrial zones and note 4 in article 52 of financial and trading bylaw of free zones organization passed by the Supreme Council of Free Trade-Industrial Zones (dated 2014-12-09).

Chapter. 6-Assets, Machineries and Equipment

Article. 53. Organizational assets (tangible and intangible) could be divided into two types:

- 1- Specific Organizational Assets: Assets that the organization could own such as land, building, and equipment.
- 2- General Organizational Assets: Assets that belong to the city and are used by the public such as public pathways, streets, squares, bridges, statues (e.g. statues that organizations or individuals erect in streets and squares).

Article. 54. After approval of board of directors, the organization could sell or lease its tangible or intangible assets, excess tools, special old tools to legal and real persons based on associated regulations and items of this bylaw. Alternatively, the organization could donate or purchase such items from governmental and cultural bodies as well as charities (except for properties that are scientific or historical works). In the case of expiration or destruction, the consequences should be reflected in associated accounts. The funds of selling or purchasing such assets should be recorded in the relevant records. Reception of assets, machineries and tools (tangible or intangible) from other entities (governmental and non-governmental) and real or legal persons will be permissible if regulations permit. After elected and qualified experts evaluated the procedures, the events could be registered in asset account.

Article. 55-Assets and properties, machineries and equipment of the organization have an ID which reveal total price, useful life, depreciation rate, accumulated depreciation, book value, residual value, location, document number, and accounting ID among manner others. This information could complement records of official registration offices.

Article. 56-The responsibility of maintaining tangible and intangible public assets of the organization, preparing them for public use, preventing others from exploiting or acquiring them illegally is undertaken by the organization. The responsibility of maintaining tangible and intangible assets that belong to the organization and used by organizational employees is shared between recipients of those assets as well as bookkeeper of assets in associated department. The

financial manager of the organization or financial officer of the unit should maintain a Rial-based record of properties.

Chapter. 7-Other Regulations

Article. 57-Forwarding correspondences and documents associated with trades are valid if they could be verifiable (e.g. mailing). The exception is change of address.

Article. 58-The procedure for addressing complaints is as described in the following:

A-If tenderers complain that some articles of the current bylaw has not been executed, they could file a complaint in relevant department of the organization.

B-In 15 days from date of receiving the complaint, the organization should conduct the required reviews. If complains are based on solid claims, the organization should make the required arrangements as defined in associated regulations. Otherwise, a note of response should be forwarded to complaining party. If the response is rejected by complaining party as invalid, a conflict resolution board made up of organizational representative, representative of complaining party and non-biased judge should review the subject and notify the results within next 15 days. If either party protests against judgment of the board, qualified bodies could be referred to. The process of arranging a tender or auction will proceed normally.

Article. 59-Legal or real persons recognized by the board of directors or official entities as negligent of their assigned responsibilities will face certain consequences. The board or entities might claim that some person is not properly developed or delivering to-be-traded products, services or rights. In such cases, legal measures for recovering organizational losses will be done and violating parties are placed in a blacklist. Consequently, the allegedly violating parties are deprived of participation in auctions, tenders and trades.

Article. 60-In order to facilitate trading, enhance competition, maintain organizational interests, and generate clarity of trading, the organization should publish the information of major trades of its subsidiaries in their different steps (including progress of trading), results of reviewing tenderers and offers, selection of trading party and arrangements for trading in the network. The exception is those trades which the council opts not to disclose.

Note. Secretariat of trading committee should maintain the information of tender/auction documents in a safe and secure manner so as to enable secretariat of the committee and legal supervisor of the organization access, observe and monitor them any time.

Article. 61. Since the date of executing the present bylaw, other conflicting bylaws and instructions will be void.

Note.1-If required, instructions of present bylaw will be issued by secretariat of the committee.

Note.2-In acquisition projects of capital assets for which the credit is financed through national budget of Iran, the organization should satisfy the relevant regulations.

Article. 62-Head of board of directors, managing director and vice presidency of management development of the organization are responsible for good performance of present bylaw as trade will be done during the time they are occupying organizational positions.

From Executive Bylaw of Customs Affairs Law²¹⁷

Passed by Board of Ministers on 2013-02-24

Article. 1-The following abbreviated terms are used:

A-Law: Customs Affairs Law (passed on 2011)

B-Customs Organization of Iran: Customs Headquarter of the Islamic Republic of Iran

C-Customs: Operating Customs Organizations all over Iran

D-Domestic Customs: Customs Organizations on Mainland

E-Supply: Distribution of Cash in Deposit Form or Offering Bank Guarantees or Insurance Guarantees as Requested by Customs Organization of Iran

Article. 46-Formalities introduced in this section will be enforced in Free Trade-industrial Zones based on regulations developed by management of the zone.

Article. 47-The recipient body should, at the end of each week, develop a two-copy report in the format introduced by Customs Organization of Iran. The report should show amounts and types of products that have remained in storage for more than permissible period of time. The person in charge of customs affair should refer the report to administrator of accounts of abandoned goods for registration and making further arrangements. The relevant administrator should notify owners of products about the affair. If owner of items does not take any measure regarding discharge of items, the next steps should be proceeded.

²¹⁷ The bylaw was numbered K47775T/262758 and enforced by 2013-03-19.

Note. 2-Determining of ceasing the traffic or products and its extension in Free Trade-industrial Zones and Special Economic Zones should be done based on legal regulations of these zones that are developed by administrative authorities in the zone. After expiration of these deadlines, the issued report of listed products should be delivered to relevant Customs Organization and further measures should be made in accordance to note. 4 of article 24 of current law.

Article. 58-Original copies attached to the statement are:

A-Imported Product: Documents regarding purchase, transportation (as certified in transportation license issued by an international transportation company), discharge, storehouse documentation, relevant documents, banking documents (if products are imported via banking system), license of origin, general assessment notice (if products are not uniform) and other documents that Customs Organization regard as necessary. Attachment of transportation and discharge documents for products imported from Free Trade-industrial Zones and Special Economic Zone into the mainland that are traded in or received by the zone are not essential.

Article. 87-If owner of product does not take measures in fulfilling his/her obligations, if an application for change of temporary importation document is delivered before date of expiration, the issue will be addressed in a committee composed of plenipotentiaries of Customs Organization of Iran, Ministry of Industry, Mine and Trade, chambers of commerce, industry, mine and agriculture and Central Cooperative of Islamic Republic of Iran (if needed) and Central Bank of Islamic Republic of Iran and relevant ministries should be formed. If the committee accepts and order is registered (by Ministry of Industry, Mine and Trade) after paying importation fee, the imported products will be regarded as a case of finalized importation after announcing temporary importation and equivalent value in foreign currency. The secretariat of the committee is located in Ministry of Industry, Mine and Trade.

Note. The temporary imported products for processing and use in oil, gas and petrochemical projects could be delivered to certain sites monitored by Customs Organization (located in Special Economic Zone) if regulations concerning temporary importation for future processing are satisfied.

Article. 99-Documents required to be annexed to descriptive statement are:

- A- Copy of shopping list
- B- Copy of general description if products are not uniform
- C- Bill of lading or waybill or their verified copy (issued by transportation institute) and total list of cargo (manifest) or storehouse receipt issued by Free Trade-industrial Zone and Special Economic Zones
- D- Discharge letter except for products transported by traditional ships or imported from ground border

- E- License of documentation regarding relevant regulations in which necessity of receiving license for transmitted product is expressed.
- F- Main copy of storehouse receipt (if goods are transported once).

Article. 119-The products for exportation that are made in Free Trade-industrial Zones and Special Economic Zones and a part of their raw materials are made abroad, formalities of final importation are not done. If the products pass through mainland during exportation, a guarantee should be received in proportion to raw materials made abroad.

From Executive Bylaw of Mines Law ²¹⁸

Passed by Minister Members of Workgroup for Development of Mining Sector on 2013-07-02

Article. 114-Conducting mining and industrial operations in Free Trade-industrial Zone and Special Economic Zone of the Islamic Republic of Iran requires satisfaction of articles of this law²¹⁹ and current bylaw.

Bylaw on Establishment of Free Trade-industrial Zones²²⁰

Approved by Member Ministers of Coordination Committee of Free Trade-industrial Zones and Special Economic Zones (passed on 2014-03-11).

Article. 1-In this bylaw, the following abbreviated terms are used:

A-Committee: Coordination Committee of Free Trade-industrial Zones and Special Economic Zones

B-Zone: Any one of the Free Trade-industrial Zones established or due to be established based on the law.

C-Secretariat: Secretariat of Coordination Committee of Free Trade-industrial Zones and Special Economic Zones

D-Applicant: Legal governmental person that demands establishment of the zone.

²¹⁸ The bylaw was numbered K49089T/85744 and enforced in 2013-07-02.

²¹⁹ This refers to Law of Mines (passed in 1998-06-13). For observing the complete text of the law and its relevant (executive) bylaw, refer to set of Law of Mines and Regulations or National System of Regulations of the Islamic Republic of Iran (www.dotic.ir).

²²⁰ The bylaw was numbered K50411T/46156 and enforced on 2014-07-20.

E-Justification Plan (Initial Studies): The plan includes all basic studies concerning economic, historical and cultural advantages along with estimations of operation costs and way of financing and schedule and effect of operation of the zone on local and national economy. The plan also covers targeted countries for supply of raw materials and exportation of manufactured items and their influence on cultural, social and environmental measures and standards.

F-Comprehensive Plan: A long term plan in which regulations concerning exploitation of lands, zoning of residential, cultural, training, industrial, commercial, administrative and agricultural areas, facilities, and urban infrastructure as well as general requirements of the zone, airports, ports, communication lines and expanses of land required for development of tools, equipment and facilities, reconstruction and optimization of existing infrastructure and prioritization of affairs to be done along with preservation of historical buildings and natural vistas. The plan will be developed in accordance to regional plans passed by Supreme Council for Planning and Architecture.

G-Infrastructure: Set of facilities and pre-requirements for establishing the zone according to geographical location of the zone and all transportation (aerial, ground and maritime), energy, telecommunication and IT sectors

H-Zone Limit: Geographical limit under jurisdiction of regulations of the zone.

Article. 2-Process of reviewing probability of establishing a zone includes the following steps:

- A- Offering justification plan along with locating map and other documents regarding applicant to secretariat
- B- Offering unconditional agreement of executive entities that supply infrastructure-related services and other legal entities
- C- Review of documents and justification plan by secretariat
- D- Offering final report on evaluation of the zone to secretariat of the committee
- E- Raising details of zone establishment plan based on decision of secretariat of council
- F- Developing and awarding law on establishing the zone for going through legal steps of approval

Article. 3-Existence of proper land for establishing the zone is one of the pre-requirements of establishing the zone. Proper location of limits of the zone should be done in a way that objectives of establishing the zone match natural condition and potential facilities of the zone.

Note. 1-Minimum area, considering justification plan and use of lands, should be determined and it is essential that at least 70 percent of lands within the zone should be devoid of any legal protestor with claims of ownership.

Note. 2-Authority of each zone should develop and offer a comprehensive plan in 2 years from date of enforcement of law for establishing the zone by relevant council.

Article. 4-Applicants of establishing the zone should offer their application form along with other required documents to the secretariat. The documents include:

- 1- Request of highest official in the zone along with justification plan
- 2- Locating map (Cadastre) of suggested area and its exact geographical limit (four main directions and location in relation with neighboring city)
- 3- status of infrastructure networks including:
 - A- Water (unconditional agreement of relevant bodies)
 - B- Power (unconditional agreement of relevant bodies)
 - C- Infrastructure required for developing communication and IT facilities (unconditional agreement of relevant bodies)
 - D- Transit network (ground, maritime, and aerial)
 - E- Energy (unconditional agreement of relevant bodies)
- 4- Approval of Governancy and commitment of the entity to support the zone
- 5- Notification of status of lands within the zone such as governmental and private ownership
- 6- Approval of Armed Forces General Staff
- 7- Geographical matching of limits of suggested area with nationally approved limits.

Note-If required documents and evidence are offered in a partial and ambiguous manner, a deadline should be set for resolving problems. If applicant does not address the problem in due time, the secretariat could exclude the order.

Approval Letters



Admission in Iran or Exiting via Airport and Ports of Kish Island ²²¹

Passed by Board of Ministers on 1991-06-30

Admission into Iran or exiting from it through airport and ports of Kish Island is allowed.

Admission in Iran or Exiting via Chabahar Port ²²²

Passed by Board of Ministers on 1992-08-02

Admission into Iran or exiting from it through Chabahar Port is allowed.

Recognition of Bahman Airport and Port in Qeshm Free Zone as Aerial and Maritime Border ²²³

Passed by Board of Ministers on 1995-03-07

Bahman Airport and Bahman Port located in Qeshm Free Zone are respectively regarded as aerial and maritime border. Admission into Iran and exiting from it through these borders is permissible on offering valid passport.

Inclusion of a Part of Northeastern Coast of Qeshm Island in 300km Expanse of Qeshm Free Zone ^{224 225}

**Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones
(approved by 1996-07-08)**

With Further Amendment

1-A part of northeastern coast of Qeshm Island (with approximate area of 130km²) is included in 300km expanse of Qeshm Free Zone (as denoted in annexed map)²²⁶. Administrative Authority of Qeshm Free Zone should suggest other lands required for execution of future plans and

²²¹ The approval letter was numbered H127T/16290.

²²² The approval letter was numbered H209T/21235.

²²³ The approval letter was numbered H478T/76099.

²²⁴ This approval letter was numbered K16876T/45399.

²²⁵ Refer to approval letter on Inclusion of a Part of Northeastern Coast of Qeshm in Free Zone passed by member ministers of Supreme Council of Free Zones (passed on 1996-07-08),

²²⁶ Refer to second map of Law on Administration of Free Trade-industrial Zones (approved on 1993-08-29).

projects by considering continuity of intended area and location in northeastern corner of the land. The annexing of these lands to the zone should be approved by Supreme Council of Free Zones.²²⁷

2-(Amended in 1996-12-14)- All of the lands located out of free zone (except for military and security regions addressed in the note to this article) are denoted as special economic zones and Authority of Qeshm Free Zone should be regarded as the entity in charge of the special economic zone.

“The authorities of entity in charge of the special economic zone will be determined based on approval letter no. K15003T/42890 passed on 1995-06-13 and its further amendments²²⁸ while national regulations are satisfied”.

Note-Military and security regions should be suggested by General Staff Chief, Secretariat of Supreme National Security Council and Secretariat of Supreme Council of Free Zones and approved by Supreme Council of National Security.

Inclusion of Northeastern Area of Qeshm in Free Zone^{229 230}

Approved by Member Ministers of Supreme Council of Free Trade-industrial Zones

(Passed on 1997-07-21)

A part of northeastern coast of Qeshm Island covering an area of 160km (as detailed in annexed map²³¹)- in addition to approval letter no. K16876T/45399 passed on 1996-08-06- will be described as free zone if condition of continuity is satisfied.²³²

²²⁷ Based on approval letter K50089T/35417 passed on 2014-06-22), the areas described in annexed map (*1) that was approved by State Cabinet Office will be attached to Qeshm Special Economic Zone (based on approval letter no. K16876T/45399 approved by 1996-08-06.

*1-Refer to the map annexed to Law on Administration of Free Trade-industrial Zones (passed on 1993-08-29) with further amendments.

*2-Refer to approval letter passed on 1996-07-08.

²²⁸ Refer to Executive Bylaw for Paragraph D in Article 25 of Fifth Development Law (passed on 1995-04-24) approved by Supreme Council of Free Zones and included in footnote of Approval Letter for Determining Limits of Sarakhs Special Economic Zone. The approval letter was issued by Board of Ministers on 1996-03-16.

²²⁹ The approval was numbered K18411T/61172 passed on 1997-08-02.

²³⁰ Refer to Approval Letter concerning Inclusion Some of Northeastern Coast of Qeshm Island to 300km Expanse of Qeshm Free Island passed on 1996-07-08.

²³¹ Refer to second map annexed to Law on Administration of Free Trade-industrial Free Law passed on 1993-08-29. The map is included in this collection.

Extension of Reception of 2 Percent Cost of Residence per Night for 1 Traveler as Detailed in Article 55 of Law on Collection of Some Governmental Earning Sources and its Use in Definite Items Contributing to Hotels Located in Free Trade-industrial Zones²³³

Passed by Board of Ministers on 1997-11-16

Collection of two percent for nightly residence expense per traveler as detailed in article 55 of Law on Collection of Some Governmental Revenue Resources and its Expense in Definite Cases²³⁴ –passed on 1994-11-16- should also be done in Free Trade-industrial Zone.

Admission of Raw Materials and Non-assembled Parts from Free Zones into Mainland by Manufacturing Units of Iran²³⁵

Approved by Member Ministers of Free Trade-industrial Zones on 1998-04-27

Admission of raw materials and non-assembled parts that are imported by national manufacturing units without transfer of foreign currency is permitted if these items are imported from free zones to mainland within annual importation limit of the zones.

Permission of Complete Transfer of Products of Manufacturing Units Located in Free Trade-industrial Zones and Special Economic Zone into Mainland²³⁶

²³² Refer to Approval of Board of Ministers (passed on 1998-02-03) regarding assignment of marine limit of Qeshm Free Zone to fueling activity of shipping.

²³³ The approval letter K70636T/18830 was enforced in 1997-11-19.

²³⁴ Article 55 of Law on Collection of Some Governmental Earning Sources and their Expenditure in Definite Cases (passed in 1995): Ministry of Culture and Islamic Guidance is permitted to deposit the following amounts to account of General Treasury.

A-Two percent of nightly residence of each traveler in 1 to 5 star hotels, coastal complexes and public residential houses.

²³⁵ The approval letter was number K19746T/12981 and passed on 1998-06-21.

²³⁶ The approval letter was numbered K20586T/56947 approved by on 1998-10-10.

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones on 1998-10-10

If manufacturing units located in Free Trade-industrial Zones and Special Economic Zone produce or repair items with definite technical specifications on demand and these items cannot be mass produced to be distributed to markets widely, it will be possible to transfer 100 percent of products into the mainland if the items have value-added of higher than 70 percent (as assessed by Committee for Value-added Determination based on approval letter no. K16003T/2173 passed on 1995-12-25.²³⁷ The type and specifications of products that could be exported will be determined by above-mentioned committee.

Customs fee and trading profit for raw materials and parts made abroad to be used in products should be charged against relevant regulations.²³⁸

Admission of Exportation of a Percentage of Goods Made in Free Trade-Industrial Zone and Special Protected Zones^{239 240}

Passed by Member Ministers on 1999-02-03

1 (Amended in 2012-05-07)-Importation of goods produced or imported²⁴¹ in Free Trade-industrial Zone or Special Economic Zones into the mainland is permitted without any limitation if percentile equivalent of imported goods is determined by Committee for Determination of Value-added based on ratio total value-added of domestically made raw materials and parts to

²³⁷ The approval letter was passed in 1999-01-24 to substitute for 1995-12-25.

²³⁸ Refer to Paragraph B in Article 112 and its relevant notes in Fifth Development Plan of Islamic Republic of Iran passed on 2011-01-05 which is included in this set.

²³⁹ The approval was numbered K20628T/73577 passed on 1999-01-10.

²⁴⁰ -A-Determination of Name of Zones addressed in Paragraph D in Note. 25 of Second Plan of Development passed by Supreme Council of Free Zones on 1995-08-14: Referring to offered reasons and justifications by Secretary of Supreme Council, the term "Special Economic Zone" is attributed to the zones that are subject to Paragraph D in Note 25 of Law of Economic, Social and Cultural Development of Islamic Republic of Iran. B-From Decree 47930 issued on 2002-02-10:

3-Although Paragraph D in Note 25 of Law of Second Development Plan regarding establishment of Special Economic Zones is valid for 5 years but this is not the case for establishment of Free Zones addressed in Third Development Plan, it is impossible to develop new special zones accordingly.

Therefore, in relevant regulations, no date has been defined for cancellation of the previously established zones after 5 years. In addition, executive bylaw regarding note. 3 of Law of Annual Budget could be referred to.

²⁴¹ From Executive Bylaw of Paragraph D of Note 14 of Law of National Budget (approved by Board of Ministers in 2007-09-30):

Note. 1 in Article. 5-Production of tobacco products in Free Trade-industrial Zones that are imported into Iran are regarded as cases of importation.

total price of produced products. In addition, placing order, opening credit-based account are not necessary.²⁴²

2-(Amended in 2001-10-03)-The ratio mentioned above is determined by a committee made up of representatives of ministries related to manufacturing sector, Ministry of Commerce²⁴³, Central Bank of Islamic Republic of Iran, Customs Organization of Iran, Supreme Council of Free Trade-industrial Zones (Secretariat) and Authority in each zone. The meeting should be held in secretariat of the council.

3 (Amended in 2001-10-03)-In order to register customs affairs of imports and exports of Free Zones, authorities of free zones should develop the information required by Customs Organization based on pre-approved table and announce it to Customs Organization.

4 (Amended in 2001-10-03)-Fees of parts and goods produced abroad to be imported into the zone for production or processing of goods in Free Trade-industrial Zone and Special Economic Zone will be charged after deduction of exemption based on value added (the value-added is determined by Committee of Value-added Determination),

The present text will substitute for approval no. K16003T/52173 passed on 1995-12-25.

Determining Territorial Waters in Qeshm Free Zones for Fueling Ships²⁴⁴

Passed by Board of Ministers on 2000-02-13

The territorial waters of Qeshm Free Zone with following specifications and limits drawn on the annexed map will be allocated to fuelling passing ships.

The coordinates of territorial waters of Qeshm Free Zones are:

²⁴² Refer to paragraph B in article 112 of Law of Fifth Development Plan of Islamic Republic of Iran (passed on 2011-01-05)

²⁴³ At the moment, Ministry of Industry, Mine and Trade.

²⁴⁴ The approval letter was numbered H22406T/61618 and enforced on 2000-02-14.

55DEG55E	A)12DEG34N
55DEG43E	B)26DEG36N
55DEG36E	C)26DEG27N
55DEG54E	D)26DEG32N

Exemption of Domestically-produced Goods Transferred into Free Trade-industrial Zones from Foreign Currency Contracts²⁴⁵

Approved by Board of Ministers on 2000-12-31

Domestically produced goods that are transferred to Free Trade-industrial Zones for consumption inside Iran are exempt from satisfaction of foreign currency contracts.

The amount and type of products should be determined by Ministry of Commerce²⁴⁶ and Customs Organization. These entities should develop three-month report of condition of enforcing this approval letter to the state.

From E-business Policy of Islamic Republic of Iran²⁴⁷

Passed by Board of Ministers on 2002-05-19

1-Objective

Considering quick development of e-business in the world, inevitability of using it in maintenance, reinforcement and development of competitive location of Iran in the world and savings realized by execution of e-business in Iran, the state of Islamic Republic of Iran intends to use and develop e-business based on the following principles and policies.

²⁴⁵ This approval letter was numbered H23557T/47604 and enforced on 2001-01-10.

²⁴⁶ At the moment, Ministry of Industry, Mine and Trade.

²⁴⁷ This approval was numbered H28574T/18808 and enforced on 2003-06-22.

2-Executive Policies

13-Secretariat of Supreme Council of Free Zones should facilitate adaptation of e-business in one of the zones (at least) before end of 2002 and in another zone up to end of 2003. All executive bodies operating in these zones should offer relevant services and start required activities in this field.

Determining Method of Financing and Corrective Solutions for Improving Performance of Free Trade-industrial Zones of Islamic Republic of Iran²⁴⁸

Approved by Board of Ministers on 2003-05-11

The method of financing and corrective solutions for improving performance of above-mentioned zones should be determined in the following manner

A-Method of Financing

In order to finance Free Trade-industrial Zones, investments are divided into three categories (based on their nature):

1-Business and manufacturing investments with high cost-effectiveness that benefit from legal benefits. Foreign and domestic investor are involved in such affairs.

2-Infrastructure projects financed by private sector (domestic and foreign) that are defined as economically efficient projects by redefinition and development of regulations and offering loans by the state.

3-Infrastructure projects and imposing sovereignty that should be solely done by state and executive bodies in the following manner:

A (Amended in 2004-06-23)-Civil development projects and state-related projects that are designed by executive departments, based on annual budget, and under title of “Civil Development Projects and Sovereignty Plans in Free Zones”. In this regard, conducting obligations by executive departments should be done in accordance to annex no. 1 of decisions made by Workgroup of Realizing Decision Letter no. 125/S/20217. The document was enforced by Board of Ministers on 2001-05-16.

²⁴⁸ The approval letter was numbered H28574T/18808 and enforced on 2003-06-22.

-Infrastructure and sovereignty projects are designed by the board of directors of Free Trade-industrial Zones and financed through imposing tariffs on goods or governmental aids.

1-Maximum amount of goods imported from free zones into the mainland by travelers' suitcases in 2003 is about 360.000.000 IRR. The top limit for 2003 was included in annual budget of authorities and approved by Supreme Council of Free Trade-industrial Zones.

The ceiling will be reduced in proportion to financing via other means.

2 (Amended in 2004-06-23): Importation by travelers' suitcase into free zones is solely limited to real travelers and done by satisfaction of national regulations.

Other methods of financing required resources for investment should be based on annual budgets (determined independently or in combination with other budget items):

1-Use of banking loans (similar to domestic conditions) for economically and technically justified projects.

2-Use of foreign loans through finance as detailed in annual budget and other methods of financing such as BOT, BOOT, BLT, and BRT.

3-License for distributing shares

4-Assignment of some of Reserve Account (as loan) to free zones based on amendment of laws in Islamic Consultative Assembly

5-Assessment of financial resources required by authorities of free zones as detailed in laws of annual budget since 2004

Ministry of Economic Affairs and Finance is responsible for addressing and realization of financing methods.

B-Corrective Solutions for Improving Performance of Zones

1-Secretariat of Supreme Council of Free Trade-industrial Zones and The board of directors of zones are regarded as representatives of the government. Therefore, they should refrain from direct and indirect possession of production and involvement in commercial affairs. These activities should be assigned to private sector.

2- Secretariat of Supreme Council of Free Trade-industrial Zones and the board of directors of free zones should cooperate with logistic entities in developing regulations for support of manufacturing investments through the following two steps:

- A- Collection of relevant regulations and adjusting them again.
- B- Determining defects and problems of regulations and making arrangements for dealing with barriers and facilitation of investment affairs.

3-Authorities of Free Trade-industrial Zones should realize essential corrective measures in their organizational structure in according to duties and missions of Secretariat of the council. The authorities should cooperate with Management and Planning Organization of Iran and document of corrective measures should be delivered to relevant council.

4-In regard to size of importation of goods manufactured in free zones into the mainland, value-added is regarded as the basis of calculations.. Depending on priority, the zones could act in one of the three cases as detailed in the following:

A-Amount of importation of goods into the mainland is a function of exportation of those goods to foreign countries (exportation of goods to other regions is an exception).

1-In a three-year period, each manufacturing unit could import three units into mainland in exchange for exporting a unit abroad.

2-During second three-year period, each manufacturing unit could import 2 units into mainland in exchange for exporting 1 unit abroad.

3-During third three-year period, each manufacturing unit could import 1 units into mainland in exchange for exporting 1 unit abroad. The ratio could be reduced gradually.

B-Importation of goods produced in free zones into mainland to the amount of value-added is permissible. The excess value should be done based on current business regulations of Iran.

Note (Amended in 2004-06-23): The products imported to the mainland that are covered by sections A and B of paragraph 4 are exempt from paying trading profit.²⁴⁹

C (Amended in 2004-06-23): Importation of goods produced in free zones into the mainland is conditional upon paying all importation fees for raw materials and pieces made abroad that are used in domestically made product. Raw and intermediate materials that are exported from mainland into free zones after paying pre-determined fees will be exempt from paying trading profit when final product is made in free zones and exported to main load.

In regard to Special Economic Zones, this condition is applied identically.

5-Offering essential conditions for operation of one or multiple branches of universally valid banks, establishing independent private banks by cooperation of Iranian and foreign persons and

²⁴⁹ Previous Note: Goods imported into main load that are subjected to sections A and B of paragraph 4 are exempt from paying for any importation fees.

transfer of some currency-based transactions of governmental entities to branches of foreign banks that operate in the zone.

In order to promote banking services in free zones of Iran for absorption of domestic and foreign capital and to resolve probable problems and alignment of services with investors' expectations, all of the banks operating in free zones should do the following affairs:

- A- All monetary and banking activities should be done exclusively based on regulations included in Monetary and Banking Bylaw of Free Trade-industrial Zones.²⁵⁰
- B- Promotion of branches located in the zone to the level of top or independent branches
- C- All branches of independent banks located in free zones should execute article 14 of Bylaw of Exploitation of Land and Natural Resources in Free Trade-industrial Zones of Islamic Republic of Iran.²⁵¹ They should regard contracts of land assignment between authority and applicants as official documents and offer credit loans to applicants based on Monetary and Banking Bylaw of Free Zones²⁵².

6 (Amended in 2004-06-23)-Governmental bodies should offer similar services to free zones as other parts of the country. The exception is prioritized services that are legally awarded to certain regions.

7-Offering more loans to companies and activities of private sector in free zones through Currency Reserve Account

8-Offering more loans and facilitative means for Free Trade-industrial Zones for substitution of commercial importation from free zones into mainland by commercial importation from neighboring countries into mainland.

9-Developing a communication network in location of Customs Office of zones and delivering the information of goods imported into the zones to Customs Organization of Islamic Republic of Iran.

10-Addressing the balances remaining from previous years and developing auditing financial statements to be offered to Supreme Council of Free Trade-industrial Zones before end of 2004.

11-All companies within free zones should have their articles of association approved by Supreme Council within 6 months at most and execute their activities based on the articles of association.

²⁵⁰ Refer to Monetary and Banking Bylaw in Free Trade-industrial Zones passed on 1999-11-30.

²⁵¹ Refer to Bylaw of Exploitation of Land and Natural Resources of Free Trade-industrial Zones passed on 1994-03-14.

²⁵² Refer to Monetary and Banking Bylaw in Free Trade-industrial Zones passed on 1999-11-30.

12-In order to prevent from smuggling of products from the zones to mainland, authorities of free zones should cooperate with relevant bodies.

The credits required should be supplied through budgets of relevant bodies.

13-In order to monitor enforcement of this approval letter and other approved regulations of Supreme Council of Free Trade-industrial Zones, secretariat of the council should communicate the performance of free zones and other executive bodies consistently to a working group composed of representatives of Secretariat of Supreme Council, Ministry of Economic Affairs and Finance, and Management and Planning Organization. After review by the working group, summarized results should be communicated to Supreme Council.

14-Up to date of enforcing predicted corrective measures and satisfaction of other legal obligations of current free zones, making any suggestions regarding establishment of free zones is forbidden.

Then, making suggestions for establishment of zones should be reviewed by State Cabinet. This requires that suggested zones have sufficient and essential facilities.

15-In order to facilitate business transactions through business transaction centers, promote exportation and turning these zones into bases for process of exportation, all departments located in free zones should enforce regulations concerning exportation thoroughly.

16-Management and Planning Organization of Iran should regard Plan for Development of Free and Special Zones in two parts of land use planning and consider Fourth Development Plan independently.

17-Authorities of free zones are the only entities that could issue license of operation for any type of economic activities that are permitted in such zones. Other entities are not authorized to issue licenses.

18 (Amended in 2004-06-23): Management of Authorities of Free Trade-industrial Zones represents the state and act as top executive body in the zone. All other entities, ministries and organizations should execute article 10 in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran²⁵³ by promoting the position of officials of local bodies to managing directorship and refrain from any activity which is inconsistent with Authorities of Free Zones.

19-Supprt of governmental bodies of manufacturing and service activities in the zones due to more legally favorable conditions of free zones

²⁵³ Refer to Law on Administration of Free Trade-industrial Zones (passed on 1993-08-29).

20-The government should support transit of goods from all free zones to borders of Iran and eliminate tariff for domestic transit of these types of goods in coordination with Ministry of Road and Transportation.²⁵⁴

21 (Amended in 2004-06-23): Registration of ships and airlines in free zones is permissible if article 81²⁵⁵ of the Constitution and approved regulations of Board of Ministers, especially article 22 of Law on Administration of Free Zones^{256, 257}.

The ships and airplanes registered in free zones are exempt from paying any fee to executive bodies of Iran except for legally approved cases.

22-Foreign nationals employed in Free Trade-industrial Zones enjoy the exemption stated in article 13 of Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed in 1993)²⁵⁸ during their period of legal residence. In the case of exiting, they are not required to offer their tax report for employment period. Authorities should notify relevant bodies regarding date of employment of foreign nationals.

Police Force should issue exit license for foreign nationals based on official report of Authorities of Free Zones.

23-Coastal waters to the distance of 500m ahead of ground territories included in the area of free zones.

24-25- These articles were eliminated based on paragraph 8 of approval letter passed on 2004-06-23.²⁵⁹

²⁵⁴ At the moment, Ministry of Industry, Mine and Trade

²⁵⁵ Article. 81 of the Constitution of Islamic Republic of Iran (Amended in 1989): Awarding license for establishment of companies and entities involved in business, industrial, agricultural, mine and service sectors to foreign nationals is forbidden.

²⁵⁶ Refer to Law on Administration of Free Trade-industrial Zones (passed on 1993-08-29).

²⁵⁷ Refer to regulations for registration and awarding nationality of Islamic Republic of Iran to ships in Free Trade-industrial Zones (passed on 2010-01-24).

²⁵⁸ The law was passed in 1993-08-29 and it is included in this set.

²⁵⁹ Previous Article. 24-In order to assure of integrated development of Qeshm Island, all of the lands in Qeshm Special Zone will be included in the free zone and Authority of Qeshm Free Zone is responsible for administrating the whole island.

Previous Article. 25-In order to secure quick development of Chabahar Free Zone, Shahid Beheshti Port and Shahid Kalantaru Porrt were added to the free zone.

From Approval Letter concerning Decisions on Importation of Goods from Free Trade-Industrial Zones to Mainland²⁶⁰

Passed by Board of Ministers on 2004-02-08

2 (Amended in 2011-09-25 and 2011-10-11)-Trading profit of goods that are imported commercially from Free Trade-Industrial Zones into mainland, is reduced to 15 percent of retailing price of certain goods. Based on Bylaw of Charging Fees in Free Zones²⁶¹, authorities of free zones should receive tariff for importation of products from abroad to free zone. The revenues should be expended based on annual budget of the zones. The amount of importation of goods should not exceed 3.000.000.000 (3 billion) USD. This approval letter will be enforceable since date of notification.^{262 263}

3-Authorities in Free Trade-industrial Zones are responsible for making above affairs as attractive as possible.

²⁶⁰ The approval letter was numbered H29291T/64648 and enforced in 2004-03-06.

²⁶¹ The Bylaw with further amendment (approved in 1994-01-17) is included in this set.

²⁶² Approval letter concerning reduction of trading profit of items that are commercially imported from Free Trade-industrial Zones into mainland passed by Board of Ministers on 2011-12-11:

1- Trading profit of goods that are imported commercially from Free Industry-Trade Zones into mainland, is reduced to 15 percent of retailing price of certain goods

2-The amount of importation of goods should not exceed 3.000.000.000 (3 billion) USD.

3-This approval letter will be enforceable since date of notification.

*1-The paragraph was modified based on amended letter issued on 2012-07-08.

²⁶³ A-Article. 2 of Approval Letter concerning discount of and exemption from trading profit in border markets and Special Economic Zone of Sarakhs (passed on 2009-10-30):

Articles of approval letter (*1) no. H30366T/70466 passed on 2004-03-17 will be applied to Sarakhs Special Economic Zone except for article. 2.

B-Approval letter concerning exemption from trading profit for importation of goods from Abadan, Khoramshahr, Choide, Bushehr and Hurmoz ports passed on 2009-03-14:

1-Approval letter (*2) no. H30366T/70466 (passed on 2004-03-17) with further amendments, approval letter no. H39464T/10268 (passed on 2008-04-19) and approval no, H39246/207329 (passed on 2007-05-02) was notified in 2009 for enforcement.

2-The amount of discount on trading profit for importation of goods through Khoramshahr Port (as addressed in approval no. H30366T/70466 passed on 2009-03-17) was determined to be 25 percent in 2009.

*1-Approval Letter no. H30366T/70466 passed by Board of Ministers on 2004-03-17:

1-Importation of goods through Abadan, Khoramshahr, and Choide ports in 2004 will be accompanied by 20 percent exemption from trading profit.

2-The above discount for importation of goods from Bushehr and Hurmoz ports is 15 percent.

3-Clothes addressed in chapters 50-55 and 58-60 of table annexed to Executive Bylaw for Export-Import Law as well as different types of vehicles, rice and home applications as included in annexed list will be covered by discounts included in this approval letter if they are approved by State Cabinet office.

4-transit goods (domestic and foreign) will be covered by the same arrangements.

*2-Approval letter no. H30366T/70466 was notified for execution in 2009.

4-Customs Organization should establish offices in terminals and simultaneous communication with customs organization in Free Trade-industrial Zones to monitor proper performance of this approval letter.

Determining Limits of Special Economic Zone of Khozestan, Minoo Island and Shalamcheh as Limits of Arvand Free Trade-industrial Zone

264

Passed by Board of Ministers in 2005-05-29

With Further Amendments

1-Current limits of Special Economic Zone of Khozestan, Minoo Island and Shalamcheh²⁶⁵ as detailed in annexed map and approved by Cabinet Office will be recognized as limits of Arvand Free Trade-industrial Zone²⁶⁶(Abadan-Khoramshahr).^{267 268}

2-All regulations concerning waters and rivers in the zone and systems for development and exploitation of water resources of Karoon, Bahmanshir and Arvand roads are still enforceable.

²⁶⁴ The approval letter was numbered H30820T/23252 and enforced on 2005-11-09.

²⁶⁵ Approval letter for establishment of Khuzestan Special Economic Zone (approved by member ministers of Supreme Council of Free Zones on 1996-12-14: Khuzestan Special Economic Zone is located in northern corner of Khoramshahr and Abadan (except for Kanak Yad) covering an area of 2000 hectares (as detailed in the map). The Khuzestan Comprehensive Development Company was assigned as authority of the zone.

Limits for duties of authority are defined based on approval letter no. K15003T/42890 passed on 1995-06-13.

²⁶⁶ Based on approval letter (passed on 2015-01-12) approved by member ministers of Coordination Council of Free Trade-industrial Zones and Special Economic Zone, in approval letter no. H30820T/23252 issued in 2005-07-09 the area of Arvand Free Trade-industrial Zone increased from 17200 hectares to 34700 hectares (detailed in map *1) which was approved by State Cabinet Office.

*1-Refer to map on modification of area of Arvand Free Trade-industrial Zone included in this set.

²⁶⁷ Khoramshahr Special Economic Zone detailed in approval letter no. K18251T/58382 (passed on 1997-07-21) issued by member ministers of Supreme Council of Free Zones was integrated into Arvand Free Zone.

Khoramshahr Special Economic Zone has approximate area of 230 hectares (as detailed in the map) and it is located beside of Arvand River and Customs Organization. It was established as second zone and added to Khuzestan Special Economic Zone (as detailed in approval letter K17543T/109113 approved on 1997-01-11). In addition, Shipping and Ports Organization of Islamic Republic of Iran was assigned as authority in charge of the zone.

The duties of Authority was defined based on approval letter no. K15003T/42890 (approved on 1995-06-13) with further amendments.

²⁶⁸ Based on approval letter passed by Board of Ministers on 2008-12-17, Consultative Department of President in Free Zones and Special Economic Zones should cooperate with Department of Strategic Planning and Surveillance and Governancy to make decisions regarding discharge of vehicles, heady road development machineries and plating in Arvand Free Trade-industrial Zone based on existing conditions.

3 (Amended on 2007-02-03): Revenues of Abadan Principality out of charging tariff should be charged while satisfying relevant regulations.

Determining Limits of Anzali Free Trade-Industrial Zone²⁶⁹

Passed by Board of Ministers on 2005-05-29

Limits of Special Economic Zone of Golshan-Bandar Anzali and Anzali Industrial Town (as detailed in annexed map) was approved by State Cabinet Office and regarded as included in Anzali Free Trade-industrial Zone.²⁷⁰

Making Decisions for Assignment of Lands required by State Universities in Free Zones²⁷¹

Approved by Member Ministers of Supreme Council of Free Trade-industrial Zones on 2005-08-27

1-The required land will solely have educational and research uses which should be freely awarded to branches of Sharif and Tehran universities in Kish Free Zone.

²⁶⁹ Approval letter by member ministers of Coordination Committee of Free Trade-industrial Zone and Special Economic Zone passed on 2014-07-26.

²⁷⁰ An area of 6266 hectares (as detailed in annexed map *1) was approved by State Cabinet Office to be added to Free Trade-industrial Zone of Anzali

A-A land with area of 5578 hectares covers an expanse from north to 21905m to the sea, from south up to 29052m to lands of Rasht Town, from west to 3350m to current area of Anzali Free Trade-industrial Zone and from east to 6181m of Sefid River in the east.

B-A land covering an area of 408 hectares from north with length of 5707m to the sea, from south with length of 1150m to lands of Taleb Abad Village, from east with length of 546m to current area of Free Trade-industrial Zone and from west with length of 1386 m to Taleb Abad.

C-A land covering an area of 280 hectare leading to south of Free Trade-industrial Zone of Anzali, in south leading to border of Imam Zadeh Hashem and 2km into the sea and

2-Free Trade-industrial Zone of Anzali should develop a comprehensive plan based on dominant trend of the zone and offer it to Secretariat of Coordination Council of Free Trade-industrial Zone and Special Economic Zone.

3-Authority should satisfy environmental obligated in the zone.

4-This approval letter was substituted for approval letter no. K50408T/17139 passed on 2014-05-10.

The approval letter was approved by President on 2014-05-06.

*1-Refer to the map called "Annexed Map to Area of Anzali Free Industria-Trade Zone" included in this collection.

²⁷¹ This approval letter was numbered H33643T/33393 passed on 2005-08-27.

2-In regard to other governmental universities, free zones could receive land with a discount up to 80 percent if they consider above conditions.

From Approval Letter for Determining Reference Text of Annex to ECO Trade Agreement²⁷² for Coordination of Relevant Bodies²⁷³

Approved by Board of Ministers on 2008-03-17

Article. 30-Free Zones

1-The parties should make all of required arrangements to make sure that goods traded based on ECO Trade Agreement will not be substituted with other goods in roads passing through free zones. In addition, they should ascertain that no action other than typical transportation operations are done so as to inhibit from failure of goods.

2-As exception to regulations of article 1 is when goods are imported from one of the member countries of ECO Trade Agreement into the free zone to be processed. In the case, based on request of exporter, a new license will be issued if processing satisfied regulations of the protocol.

Article. 33-Transitted goods maintained in storehouse: The goods that match regulations title 2²⁷⁴ which were being transitted at the time of enforcing this agreement, maintained in borders of one of the member countries temporarily, or kept in storehouses monitored by or located in free zones. For instance, goods of definite origin could be admitted if, in 4 months from date of enforcing the agreement, their ECO license of origin is issued retrospectively. Any confirmative document concerning their status of transportation should be communicated to customs officials of importing country.

Inclusion of Cultural Heritage, Handicrafts and Tourism Organization and Center of Affairs of Free Zones and Special Economic Zones to Committee for Coordination of Foreign Economic Relations²⁷⁵

Approved by Board of Ministers on 2010-03-07

²⁷² Refer to ECO Trade Agreement passed on 2007-08-07 which is available online at www.dotic.ir

²⁷³ The approval was numbered H39385T/64 passed on 2008-04-03.

²⁷⁴ To view "regulations title 2", refer to National System of Regulations of Islamic Republic of Iran (www.dotic.ir).

²⁷⁵ The present approval was numbered 44190/227525 and enforced on 2010-03-13.

Cultural Heritage, Handicrafts and Tourism Organization and Center of Affairs of Free Zones and Special Economic Zones were added to Committee for Coordination of Foreign Economic Relations based on approval letter no. 88346 passed on 1981-12-25.

Recognition of Deputies of Center for Affairs of Free Trade-industrial Zones as of Similar Positions as Officials Addressed in Paragraph H in Article 71 of Law on Civil Service Management²⁷⁶

Passed by Member Ministers of Social and E-government Commission on 2010-07-18

Deputy of Deputies of Center for Affairs of Free Trade-industrial Zones are recognized as having similar position as officials addressed in paragraph H in article 71 of Law on Civil Service Management passed in 2007.²⁷⁷

From Approval Letter on Obligation of All Relevant National and Provincial Executive Bodies to Make Decisions on Realization of Supreme Leader's Decree and Government's Decision to Minimize Smuggling of Goods and Currency²⁷⁸

Passed by Special Representative of President in Central Committee of Fight against Smuggling of Goods and Currency²⁷⁹

²⁷⁶ Refer to approval letter uploaded in National System of Regulations of Islamic Republic of Iran available at www.dotic.ir.

²⁷⁷ The approval letter was numbered H4437T/105025 and enforced on 2010-08-03.

²⁷⁸ Article 71 of Law on Civil Service Management passed on 2007-09-30 (*1): The following positions are deemed to be political and occupational score of officials addressed in this article are:

A-Heads of three departments: 18000 point

B-First Deputy of Present, Deputy Head of Islamic Consultative Assembly and members of Guardian Council: 17000 point

C-Ministers, PMs in Islamic Consultative Assembly and Deputies of President: 16000 point

D-Governors and Ambassadors: 15000 points

E-Deputies of Ministers: 14000 points

*1-Duration of enforcing this law was extended based on Law on Extension of Pilot Run of Law on Civil Service Management (approved on 2013-11-05) up to late 2014.

²⁷⁹ The approval letter was numbered N45059/28188 passed on 2010-08-31.

Central Committee of Fight against Smuggling of Goods and Currency, hetero termed “committee”, and all provincial and national executive bodies should attempt to realize the decree of Supreme Leader and state’s decision to reduce and minimize smuggling of products and services. These entities should utilize all of their authorities, tasks and potentials to enforce the following decisions:

- 8- Revision of tax-exempted goods carried by travelers in cooperation with Center for Affairs of Free Trade-industrial Zones and Customs Organization and offering practical suggestions to Board of Ministers

Approval Letter for Enforcement of Free Zones Projects in Anzali Free Trade-industrial Zone²⁸⁰

Passed by Board of Ministers on 2011-01-23

Center for Affairs of Free Trade-industrial Zones and Special Economic Zones and Presidential Department of Strategic Planning and Surveillance²⁸¹ should cooperate with Governancy to realize the following decisions based on existing regulations:

- 1- Awarding traffic license to vehicles with plates of Anzali Free Trade-industrial Zone to let them driver to a 50km radium from border locations of the zone.
- 2- Developing a legal code for discharge of travelers’ imported goods in suitcases into Anzali Free Zone and other free zones with equivalent value of up to 50.000.000 USD per annum and offering it to Board of Ministers within 3 months.

Awarding Traffic License to Vehicles with Plates of Aras Free Zone in a Radius of 135m from Border of the Zone^{282 283}

²⁸⁰ The approval letter was numbered N46172T/277575 and enforced on 2011-02-23.

²⁸¹ At the moment, Management and Planning Organization of Iran

²⁸² The approval letter was numbered N46487/14754 and enforced on 2011-04-16.

²⁸³ Based on approval letter for licensing traffic of vehicles with plate of Aras Free Trade-industrial Zone for real and legal persons around the one up to central city of Eastern Azerbaijan Province passed on 2011-12-25 (Approved by Board of Ministers in a notification letter no. H46487T/209224 passed on 2012-01-15), traffic of vehicles with plates of Aras Free Trade-industrial zone is permitted for real and legal persons driving around the

Traffic of vehicles with plates of Aras Free Zone in a radius of 135km from border of the zone is permitted.

Making Decisions for Reinforcing Foreign Trade Performance of Iran²⁸⁴

Passed by Special Representatives of President in Export Development Committee on 2011-09-04

In order to reinforce foreign trade performance of Iran, executive bodies of Iran should make the following arrangements:

1-Executive bodies involved in foreign trade should develop their “foreign trade development plan” based on certain exportation objectives, facilitation of trade in relevant firms and determination of qualitative and quantitative objectives and deliver it to Ministry of Industry, Mine and Trade before November 6th. The ministry should integrate the plans into “Annual Plan of Foreign Trade Development” before February 4th so as to be reviewed and approved by Export Development Committee.

2-Relevant executive bodies involved in foreign trade should develop their three-monthly report on enforcement of annual plan of foreign trade development based on “Guideline of Foreign Trade Monitoring System” as detailed in article. 2 and deliver the report to the ministry.

The ministry should develop a comprehensive report of performance of departments in above-mentioned intervals and deliver it to Export Development Committee.

3-Ministry of Industry, Mine and Trade should cooperate with relevant bodies in developed “Guideline of Foreign Trade Monitoring System” which addresses special function of each department, measures and method of evaluation performance and other issues in 1 months and deliver it to Ministry of Industry, Mine and Trade for review and approval.

zone to central city of Eastern Azerbaijan. The approval letter substituted for approval letter no. N46487T/14754 passed on 2011-04-16. However, the head of Islamic Consultative Assembly raised the following problems for the approval:

1-Considering paragraph D in article 4 of Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1993) with further amendments which states, “approval of security and policing regulations of Free Trade-industrial Zones should be done by Board of Ministers and Commander in Chief”, authority of Board of Managers is solely limited to geographical area within the zone.

2-Considering article 4 of above law which states, “business trades between free zones and other parts of the country-ether through travelers or other channels of conducting business- follow general imports-exports regulations of Iran”. Therefore, text of the approval letter is against this law.

²⁸⁴ The approval letter was numbered N46730T/119339 and passed on 2011-09-04.

4-Ministry of Industry, Mine and Trade is main entity in charge of analysis and integration of statistics of foreign trade of products and services. Consequently, the ministry should develop required statistics of different fields such as border transactions, trade through terminals of Free Trade-industrial Zones and Special Economic Zones as well as traveler's accompanying goods and integrated official and un-official trade records (with codes of an integrated system). In addition, the extent to which objectives of each sub-entity or sub-group has been realized should be reported to Export Development Committee.

5- Ministry of Industry, Mine and Trade should define exportation ceiling for products included in the Law of Export-Import based on manufacturing capacity of Iran, rights of consumers, and optimization of products. Whenever exportation of a group of goods, in 3-month periods threatens one of the elements of consumers' rights, domestic production, and others, the ministry should communicate the situation and make arrangements in cooperation with Export Development Committee.

Approval Letter Concerning Different Traffic and Transportation Fines in all Parts of Iran and Free Trade-industrial Zone²⁸⁵

Passed by Member Ministers of Committee of Social Affairs and E-government with Further
Amendments

Approved on 2011-09-29

²⁸⁵ This approval letter was numbered N46748T/169432 and enforced on 2011-11-19.

Fines for traffic and transportation in all parts of the country and Free Trade-industrial Zones (in 171 rows) should be determined and approved by State Cabinet Office.

Table of Different Fines of Traffic and Transportation Violations in All Parts of Iran and Free Trade-industrial Zones

Fines for violations included in rows 1-5 and 10 of this table are highlighted by a star to denote that in addition to fine ticket, the vehicles should be stopped for 72 hours.

** : Based on paragraph B in article 10 of Law of Driving Violations²⁸⁶, coming row 7 violation of driving regulations is highlighted by two stars. This suggests that beside of issuing fine ticket, driving license will be confiscated for another 6 months and driver should be referred to judicial entities.

*** : In addition to the fine, the vehicle will be confiscated until insurance license is delivered.

**** : In freeways and highways, violations should be addressed based on row 6 of this table.

Importation of Goods by Iranian Workers Employed Abroad and Travelers Admitted into Iran via Maku, Bandar Anzali, Aras, and Arvand Free Trade-industrial Zones ²⁸⁷

Passed by Board of Ministers on 2013-05-05

Enforcement of regulations concerning importation of goods by travelers into Iran, article 14 of Law on Administration of Free Trade-industrial Zones of the Islamic Republic of Iran passed on 1993, ²⁸⁸ and article 9 of approval letter no. H305T/56682 passed on 1994-01-27 ²⁸⁹ regarding regulations of border transactions, border markets and importation of goods by Iranian workers employed abroad and travelers admitted in Iran is approved in Maku, Bandar Anzali, Aras and Arvand Free Trade-industrial Zone.

²⁸⁶ This approval letter was numbered N45059T/56740 and enforced on 2013-05-29.

²⁸⁷ Refer to above law (approved on 1993-08-29) that is included in this collection.

²⁸⁸ Refer to paragraph B in Chapter 2 of Law of Exports-Imports and Customs Affairs of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1994-04-29) that is included in this collection.

²⁸⁹ This approval letter was numbered H49516T/113200 and enforced on 2013-08-27.

Formation of Supreme Council of Free Trade-industrial Zones and Special Economic Zones²⁹⁰

Passed by Member Ministers on 2013-08-25

1 (Amended on 2014-05-25, 2014-08-17, and 2015-01-25): In order to create proper level of coordination between Authority of Free Trade-industrial and Special Economic Zones and Supreme Council of Free Trade-industrial and Special Economic Zones composed of President (head of council), Minister of Economic Affairs and Finance, Minister of Mine and Trade, Minister of Foreign Affair, Minister of Interior, Minister of Oil, Minister of Minister of Cooperatives, Labour and Social Welfare, Minister of Culture and Islamic Guidance, Minister of Road and Urban Development, Minister of Justice and Minister of Agricultural Jihad, Deputy of Strategic Planning and Surveillance²⁹¹, Managing director of Central Bank of Islamic Republic of Iran, head of Cultural Heritage, Handicrafts and Tourism Organization, head of Environmental Protection Organization, and secretary of the council.

Note-The secretary of the council will be assigned by President.

2-Duties and authorities of Board of Ministers as detailed in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1994)²⁹² with further amendments (except for note. 2 in article 1 of above law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran passed on 2006²⁹³ (except for note 2 in article 1 of above law) and other regulations concerning in Free Trade-industrial and Special Economic Zones will be assigned to member ministers of the council.

3-Making decisions regarding executive affairs mentioned above will be assigned to members of councils (as special representatives of President) and approval and modification of bylaws and regulations concerning above-mentioned subjects will be assigned to member ministers of the council.

4-Decisions and approval letters of majority of members or member ministers of the council are of similar executive stance as decisions made by President and Board of Ministers. In this case, article 19 of Domestic Bylaw of Cabinet should be considered.

²⁹⁰ This approval letter was numbered H49516T/113200 and enforced on 2013-08-27.

²⁹¹ At the moment, Head of Management and Planning Organization of Iran.

²⁹² Refer to above law passed on 1993-08-29 that is included in this collection.

²⁹³ Refer to above law passed on 2005-06-01 that is included in this collection.

From Approval Letter concerning Making Decisions on Exclusion of Barriers against Manufacturing, Investment, Employment and Development of Economic Motives and Improvement of Business²⁹⁴

Approved by Board of Ministers on 2013-09-08

4-In order to supply funds for infrastructure projects, offer subsidies for manufacturing sectors, and support national production, discharge of goods under 10th priority row that have been imported before enforcement of this approval letter into customs storehouse and Free Trade-industrial and Special Economic Zones (and have notice of reception), could be done after issuance of registration license of Ministry of Industry, Mine and Trade (with applicant's own fund and without reallocation of currency), customs fees and double of trading profit. Organization of Collection and Sale of Owned Properties should deal with these unsold goods based on article 24 of Law of Customs Affair and article 33 of the law.

License for Traffic of Vehicles with Plates of Maku Free Trade-industrial Zone in 30km Radius²⁹⁵

Approved by Member Ministers of Coordination Council of Free Trade-industrial and Special Economic Zones

1-Traffic of vehicles with plates of Maku Free Trade-industrial Zone in 30km radius is permitted.

2-This approval letter substitutes for approval letter no. H49115T/100992 passed on 2013-07-24.

Establishment of Central Committee of Travelling Services and Development of Domestic Tourism²⁹⁶

Passed by Member Ministers on 2014-01-12

²⁹⁴ This approval letter was numbered H49515T/118320 and enforced on 2013-09-08.

²⁹⁵ This approval letter was numbered K50079T/18 and enforced on 2014-03-02.

²⁹⁶ This approval letter was numbered K50107T/169067/169067 and enforced on 2014-01-28.

1 (Amended on 2014-04-06): In order to promote domestic tourism, coordinate and integrate services for travelers and tourists, and making policies, organization and surveillance of travelling activities, Central Committee of Travelling Services composed of Cultural Heritage, Handicrafts and Tourism Organization, Ministry of Interior, Ministry of Health, Ministry of Treatment and Medical Education, “Ministry of Education, Ministry of Justice, Ministry of Roads and Urban Development, Ministry of Industry, Mine and Trade, Ministry of Culture and Islamic Guidance, Secretariat of Coordination Committee of Free Trade-industrial and Special Economic Zones and Environmental Protection Organization”,²⁹⁷ Governmental Discretionary Punishments Organization, Police Force of Islamic Republic of Iran, Red Crescent Society of the Islamic Republic of Iran, and Islamic Republic of Iran Broadcasting. The committee has the following duties:

- A- Making policies, planning, organization and surveillance of travelling services in Iran.
- B- Using potentials, capacities, and facilities of relevant entities to facilitate offering optimal services to travelers.
- C- Review and development of proper solutions for offering services and facilities to tourists by relevant systems and entities.
- D- Review of problems of travelling and offering legal solutions to deal with them
- E- Review and development of tourism development projects in Iran
- F- Planning of and distribution of travelling destination to less known areas
- G- Integrated management of cultural aspects, communication and advertisement of travelling.
- H- Identification and optimal use of potentials of private sector in offering better services to travelers
- I- Surveillance on proper involvement of relevant governmental entities in offering services to travelers
- J- Reinforcement of cultural heritages (cultural diversity, traditions, cultures and customs) through promoting culture of travelling
- K- Prediction, supply and guidance of financial resources and funds for offering proper services to travelers
- L- Development of statistical measures of travelling in the country and offering periodical reports of activities of involved entities.

Note. 1-Member bodies of Coordination Committee should have their deputy presidents in this committee.

Note. 2-The subsidiaries of such bodies could announce their heads as participants of the committee.

²⁹⁷ The terms in parenthesis was annexed based on modification letter issued on 2014-04-06.

The list of such bodies will be determined and notified in first meeting of Central Committee.

Note. 3-Administration of Central Committee is undertaken by Deputy Department of Cultural Heritage, Handicrafts and Tourism Organization.

Note. 4-Forums, unions and union and specialized groups of tourism could be selected by Cultural Heritage, Handicrafts and Tourism Organization to participate in Central Committee and executive committees of provinces.

2-Executive bodies should act according to regulations, approved measures of Committee and their assigned tasks.

3 (Amended in 2014-04-06): In order to enforce approved regulations of Central Committee of Travelling Services in all provinces, Executive Committee of Travelling Services in each province should be formed with following duties. The committee is composed of governor, managing director of Cultural Heritage, Handicrafts and Tourism Organization, heads of Ministry of Health and Medical Education, Ministry of Educations, Ministry of Justice, Ministry of Road and Urban Development, Ministry of Governmental Discretionary Punishments Organization in each province, provincial police force commanders, managing director of broadcasting organization, head of traffic police in every province, head of Principality of each province, and managing director of Red Crescent Society of the Islamic Republic of Iran and their correlated directors.²⁹⁸ The tasks of this committee are:

- 1- Regional planning to offer proper services to travelers and tourists
- 2- Enforcement of general policies and plans issued by Central Committee
- 3- Adopting new methods and procedures for facilitation of offering services to tourists and travelers all over the province
- 4- Offering practical suggestions to Central Committee for improving methods and processes of the committee
- 5- Use of potential of Planning and Development Committee of the province and Special Council of Cultural Heritage, Handicrafts and Tourism Organization for reinforcement of tourism infrastructures of the province
- 6- Introducing tourism potentials and capabilities of the province in modern and innovative manner
- 7- Administrative coordination and logistic support by the committee
- 8- Surveillance on tourism-related institutes and facilities (service providers)
- 9- monitoring business units that offer certain services to travelers and tourists
- 10- Development and execution of socio-cultural plans all around the province
- 11- Offering information, instructions and guidelines to travelers and tourists

²⁹⁸ The terms in parenthesis were added based on adjustment notice passed on 2014-04-06.

- 12- Establishing a proper feedback system for travelers and tourists
- 13- Identification of weaknesses and strengths, threats and opportunities and offering practical solutions to Central Committee
- 14- Extraction and processing of information and data and offering clear administrative reports

Note. Provincial committee is administered by governor and secretary of the committee is managing director of Cultural Heritage, Handicrafts and Tourism Organization.

4- In order to coordinate and follow up approved regulations of Central Committee and Executive Committees of provinces, the Executive Committee of Travelling Services will be formed that is headed by governor and its members are relevant managers and members of Executive Committee of the province. The authorities of Executive Committee in each town are correlated with duties of Executive Committee of the province.

Note. Secretariat of Executive Committee of towns is located in Cultural Heritage, Handicrafts and Tourism offices of the town.

Determination of Limits of Aras Free Trade-industrial Zone²⁹⁹

Approved by Member Ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2014-07-26

- 1- Aras Free Trade-industrial Zone covers lands of Jolfa (20500 hectares), lands of Nordooz (411 hectare), lands of Khoda-Afarin lands (5700 hectares), and lands of Gholi Bogloo (25000 hectares) as detailed in annexed map ³⁰⁰ that was approved by State Council Office.
- 2- This approval substitutes for approval no. H4148T/216684 approved on 2009-02-09.

The approval letter was supported by President on 2015-03-02.

²⁹⁹ This approval letter was numbered K50925T/153552 and enforced on 2014-03-07.

³⁰⁰ Refer to annexed maps included in annex 1 of this collection.

From Approval Letter on Making Decisions regarding Importation of Vehicles and Limits of Traffic of Vehicles with Plates of Free Zones³⁰¹

Approved by Board of Ministers on 2014-09-14

3-Traffic of vehicles with plates of free zones is solely permitted within the zones and their entry into customs-covered lands is solely permitted if relevant regulations are satisfied.

Approval Letter for 2015 Budget of Authorities of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali, and Maku Free Trade-industrial Zones³⁰²

Approved by Member Ministers of Supreme Council of Free Trade-industrial and Especial Economic Zones on 2015-03-18

The 2015 budget of Authorities of Authorities of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali, and Maku Free Trade-industrial Zones is as detailed in the following which was confirmed by State Cabinet Office.

The approval letter was supported by President in 2015-03-18.

Resilient economy is not limited to time of sanctions and war. “Supreme Leader”

Approval Letter for 2015 Budget of Authorities of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali, and Maku Free Trade-industrial Zones

Budget of free zones for 2015 was developed based on objectives of Iran's 20-Year Perspective Document, enabling optimal use of potentials of human and material resources, and reviewing future opportunities of addressing present threats based on framework of resilient economy and realization of managerial independence in enforcement of development.

Extending authorities of free zones in terms of transferring advanced technologies, development and facilitation of production and exportation of goods and services, supply of essential and

³⁰¹ Refer to approval letter no. H51040T/70441 passed on 2014-09-14.

³⁰² This approval letter was numbered K51752T/ 4072 and enforced on 2015-04-08.

financial requirements, clarification of economic principles and inhibition from actions, and measures that generate corruption in different monetary and commercial fields could contribute to an advanced and progressive model of development, addressing problems and barriers against Iranian-Islamic community.

The sum of expenses and consumptions are 20771 billion IRR in 2015 budget. In order to distinguish costs into rows and establish a performance control system based on current approval letters on development and maintenance of facilities, free zones and Secretariat of Supreme council should cooperate.

Article. 1-In this approval letter, the following abbreviated terms will be used:

- 1- Authorities: Administrative Authorities of Free Trade-industrial Zones
- 2- Zones: Free Trade-industrial Zones
- 3- Council: Supreme Council of Free Trade-industrial and Special Economic Zones
- 4- Secretariat: Secretariat of Supreme Council of Free Trade-industrial and Special Economic Zones
- 5- Current Budget: Funds that are assigned based on regulations from source of organizational revenues for paying for enforcement of main missions of the organization and employees' activities within framework of trading agreements with secretariat.
- 6- Maintenance Budget: Includes funds that are supplied from organizational earning sources for maintaining assets and previous investments such as maintenance, protection, promotion and increase in efficiency of buildings, facilities and equipment, tangible and intangible assets and costs expended for development of goods and services based on a certain currency as defined in maintenance agreement letters.
- 7- Development Budget: Includes funds used for enforcement of projects with qualitative and qualitative objectives for certain periods and prices so as to realize objectives of comprehensive plan and sustainable development and generate new capacity for production of goods and services via direct investment of authority or cooperation in development agreements. The budget includes economic and social development projects.
- 8- **Operational Revenues:** The revenues obtained through sale of products and services with value added. The obtainment of these goods and services has certain cost with it.
- 9- **Non-operational Revenues:** The revenues that received based on legal authorizes and through sale of assets and properties without undertaking significant costs. Here, the objective is development of infrastructure and creation of value-added.

Article. 2-General Principles and Issues

Paragraph 2.1-License of Revenues and Expenses

The authorities are allowed to collect revenues, fulfill intended obligations and receive credits detailed in this approval letter based on existing regulations and details of revenues and other sources of income, operational descriptions and activities included in trading agreements with secretariat.

Paragraph 2.2- Adjustment of Budget

The authorities should develop final adjusted amendment of 2015 Budget based on approach of increasing predicted incomes, use of excess credit. The budget could be accompanied by justification report and evident so as to be delivered to The board of directors before 2015-11-06. After approval of the board, the secretariat should develop the final suggestion before December 5th so that Supreme Council could conduct further steps.

Paragraph 2.3-Expenses of Secretariat

The authorities should pay 1.5 percent of predicted revenues in four installments (once every 3 months) after receiving the request of secretariat. The cost of transfer should be undertaken by authority and payment should be final.

Costs of administrating affairs of secretariat should be supplied from above mentioned finance after direct decree of secretary or his/her representative.

Paragraph 2.4-Purchase of Services from Entities and Organizations of Zone

2.4.1-Purchase of services from entities and organizations should be done based on trading agreements signed with secretariat and satisfaction of financial and trading bylaws of authorities in free zones as well as regulations included in this bylaw.

2.4.2-Organizations are not authorized to pay through their subsidiaries.

Paragraph 2.5-E-government and Data Integration

2.5.1-The authorities should develop reports on current, maintenance, development budgets, and financial, operational, statistical performance as well as enforcing budge-based agreements. The reports should be based on pre-approved forms uploaded in e-system of zones and secretariat. These forms should be maintained under the system of uniform management of information and offered to secretariat.

2.5.2-In order to promote significance of e-government and develop a uniform organizational interface, authorities should offer intended services electronically through an electronic system that secretariat introduces.

2.6-Cultural Affairs

2.6.1-In order to promote cultural and social affairs of each zone, a sociocultural annex should be developed by secretariat and enforced based on trading agreements.

2.6.2-Authorities should allocate 10 percent of their revenues to promotion of socio-cultural affairs while focusing primarily on education, development of cultural, environmental, tourism and health affairs and in terms of trading agreements with secretariat.

Paragraph 2.7-Awarding Incentives for Absorption of Capital

In order to attract capital for investment in advanced economic, knowledge-based and service-based activities, authorities should design and establish the following incentives:

- A- Offering legal incentives and license to companies and entities involved in the zone to permit them recruit Iranian labor force and generate productive employment
- B- Offering incentives to producers of infrastructure services if quality requirements and periodical deadlines for fulfilling contracts are satisfied.
- C- Offering manufacturing incentives to producers of goods and services that are involved in different industry and service sectors
- D- Offering free license to knowledge-based companies to revolutionize progress in realization of development projects of the zones.
- E- Offering incentives and legal privileges to major and valid companies within and without Iran that are in involved in business, industry and service sectors for facilitated transfer of advanced technology
- F- Assigning facilities and equipment to promote participation in optimal exploitation and benefiting from such facilities.

2.8- Vehicles with Free Zones' Plates

Authorities should publicly announce that vehicles with free zones' plates should have e-label on their front glasses. Development of mechanisms for reception and control of fees should be done by authorities.

Article. 3-Current Budget

Paragraph. 3.1-Excluded Items

In order to realize objectives detailed in the budget of current year, any one of authorities is permitted to expend up to 1.5 percent of credits of current agreement through saving in other budget rows if managing director and board of directors approves and if regulations of financial and trading bylaws (except for rows of budget concerning contractual wages and services) are

satisfied. Authorities should develop a list of these costs and annex a copy of minutes of meetings of Board of Directors to Secretariat.

Paragraph 3.2-Motivation of employees

In order to add to effectiveness and efficiency of employees in attaining organizational objectives, realize annual and effective increase of efficiency, the board of directors of authorities are authorized to pay up to 0.5 percent of costs of financial performance of development projects if managing director suggests such an option and the board of directors confirms the suggestion. The costs should be financed through development credits.

Paragraph 3.3-Adjustment and Improvement of Organization

Any case of use of labor force out of structural framework suggested by secretariats of authorities is forbidden. Paying for such cases from any source of revenue and under any title is forbidden. Such cases of payment will be regarded as cases of illegal confiscation of authority's assets. In these cases, managing director and board of directors are deemed as responsible.

Article. 4-Development Budget

Paragraph 4.1-Prioritization of and Emphasis on End of Projects

4.1.1-Supply of sources and enforcement of projects and plants ending before 2015 are prioritized.

4.1.2-Cessation or reduction of credits of projects started in previous year is forbidden if value engineering has not been done.

4.1.3-Inclusion of newly suggested projects in budget of authorities is dependent on approval of the board of directors and proceeding through review process (technical, economic, cultural, social, financial and environmental) by authorized engineering consultation companies and confirmation of board of management. The measures taken should contribute to realization of general policies of resilient economy³⁰³, be placed within framework of agreements, and lead to an equilibrium between quantitative objectives and financial resources.

4.1.4-In order to facilitate implementation of development projects and plans, and creating development and environmental facilities, authorities could expend up to 0.5 percent of credits awarded to development projects and plans (addressed in this approval letter) if managing director requests and secretariat approves. This measure does not satisfy legal regulations but should be included in operational descriptions of trading agreements.

³⁰³ Refer to General Policies of Resilient Economy passed by Supreme Leader on 2014-03-20 and included in this collection.

Article. 5-Surveillance

Paragraph 5.1-Managing director and the board of directors of authorities are responsible for surveillance of proper enforcement of this approval letter and forwarding approval letters of the board of directors to secretariat.

Approval Letter on Adjustment of Guideline and Executive Methods of Bylaw for Charging Fees in Free Trade-industrial Zones³⁰⁴

Approved by Member Ministers on 2015-03-08

The approval letter no. K50410T/39311 passed on 2014-07-05 is adjusted in the following manner:³⁰⁵

1-In paragraph 11.1, the phrase “based on annexed procedural letter approved by State Cabinet Office... is determined” was substituted for the phrase “based on guideline of authority’s board of directors... is determined”.³⁰⁶

3-In paragraph 11.2, the phrase “ based on article 11, Bylaw on Exploitation of Lands and Natural Resources in Free Trade-industrial Zones of Islamic Republic of Iran detailed in approval letter no. K253T/16448 passed on 1994-04-30” was substituted for the phrase” considering economic and functional situation by aforementioned organization”³⁰⁷.

³⁰⁴ This approval letter was numbered K51598T/157832 and passed on 2015-03-15.

³⁰⁵ Refer to paragraph 1 of Executive Guidelines and Bylaw for Charging Fees in Free Trade-industrial Zones passed on 2014-10-01. The document was approved by member ministers of Supreme Council of Free Zones with further amendments.

³⁰⁶ Paragraphs 11.1 and 11.2 were adjusted based on paragraphs 1 and 3 of this approval (p. 107 of current collection).

³⁰⁷ Paragraphs 11.1 and 11.2 were adjusted based on paragraphs 1 and 3 of this approval (p. 107 of current collection).

Procedural Letter for Calculation and Reception of Urban Services Fees in Free Trade-industrial Zones

A-Fees of Transferring Properties

Fees of transferring properties is 50 percent of value of total area of the properties located within free zones.

The principles for calculating price are detailed in paragraph 11.2 of this approval letter.

B-Excavation Fees

The fees for excavation are determined based on price list of development projects and coefficients of each zone as detailed in annual price list of Department of Strategic Planning and Surveillance.³⁰⁸

C-Fees of Wastes

The fees for waste management is one third of reconstruction fees.

The fees for management of wastes should remain in the range of 500 thousand and 3 million IRR.

The fees of waste management, at the beginning of each year, should increase 10 percent.

Articles of Association of Qeshm Free Trade-industrial Zone³⁰⁹

**Approved by Member Ministers of Supreme Council of Free Trade-industrial Zone on
1994-06-21**

With Further Amendments

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Qeshm Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Qeshm Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time

³⁰⁸ At the moment, Management and Planning Organization of Iran.

³⁰⁹This bylaw was numbered K55T/20119 and enforced on 1994-07-04.

Article. 4 (Amended on 2015-03-08)- Authority's Capital: Capital of the authority is 2.000.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as two million shares each valued at 100.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on approval letter no. H30T/16632 approved on 1994-05-03, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³¹⁰

Article. 8-The duties and authorities of general assembly include:

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
- C- Monitoring organizational activities
- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance

³¹⁰ The approval letter concerning establishment of a council for coordination of authorities in different free trade-industrial zones of the Islamic Republic of Iran (passed on 1994-05-01) was cancelled based on approval letter with same title approved on 2005-12-04 .

B-Refer to approval letter of Supreme Council of Free Trade-industrial Zone and Special Free Zones passed by Board of Ministers on 2013-08-25.

- E- Approval of organizational bylaws
- F- Approval of security and intelligence regulations of the zone after acceptance of Commander in Chief
- G- Making decisions regarding increase or decrease of capital
- H- Assignment and discharge of board of directors
- I- Selection of inspector(s) and their fees and wages
- J- Determining general policies of the authority
- K- Determining compensation and rewards of members of the board of directors and managing director
- L- Determining amount and methods of charging fees in Qeshm Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- (Amended on 1997-03-03): Making decisions regarding depositing some or all of annual dividend to accounts of authority³¹¹

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

Board of Directors

Article. 12-The authority should be administered by the board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

³¹¹ Based on approval letter (passed on 1998-04-27) issued by Supreme Council of Free Trade-industrial Zone, this paragraph was included.

Article. 14-The meetings of the board of directors should be established at least once every month based on invitation of head of the board of directors and managing director of the authority. Members of the board of directors could communicate their comments and subjects to be raised to head of the board of directors and managing director. These ideas and comments should be included in minute of the meeting.

Article. 15-The meetings of the board of directors will be formal if at least two thirds of members are present. Decisions of the meetings will be valid and enforceable if majority vote approves them.

Article. 16-For every meeting of board of directors, a minute should be developed by secretary and signed by all present members in the meeting. In this document, names of absent and present members of the board of directors and a summary of negotiations and decisions as well as date of the meeting should be detailed. Every member of the board of directors who has opposing ideas against some or all of the decisions made in the meeting should assure that his/her ideas are recorded carefully.

Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)
- B- Determination of ways of charging fees based on relevant bylaw
- C- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval
- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval

- I- Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

- A- Validation of typical and current correspondence of authority by signing
- B- Discharge or assignment of authority's employees
- C- Determining rights and privileges, offering awards and pay raise of employees and making decisions regarding employment affairs of employees based on relevant bylaws
- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Qeshm Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Industrial-Free Trade Zone that lack administrators
- H- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.
- I- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Qeshm Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20-General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legal inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- A- Matching authority's operation with approved budget
- B- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
- C- Commenting on accuracy of report of the board of directors to general assembly
- D- Enforcing inspector's duties as determined in regulations of the articles of association in a way that does not inhibit authority from its normal activity.

Chapter. 4-Financial Statements

Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

Article. 23-All obligatory documents and papers of the authority as well as checks and guarantees should be signed by head of the board of directors or his/her representative and another person selected by board of directors. In addition, documents should be stamped.

Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

Articles of Association of Kish Free Trade-industrial Zone³¹²

**Approved by Member Ministers of Supreme Council of Free Trade-industrial Zone on
1994-06-21**

With Further Amendments

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Kish Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Kish Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time.

Article. 4- Authority’s Capital: Capital of the authority is 100.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as 100.000 shares each valued at 100.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

Article. 6-The departments within authority are:

³¹²This bylaw was numbered K56T/20121 and enforced on 1994-07-17.

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on approval letter no. H30T/16632 approved on 1993-05-03, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³¹³

Article. 8-The duties and authorities of general assembly include:

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
- C- Monitoring organizational activities
- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance
- E- Approval of organizational bylaws
- F- Approval of security and intelligence regulations of the zone after acceptance of Commander in Chief
- G- Making decisions regarding increase or decrease of capital
- H- Assignment and discharge of board of directors
- I- Selection of inspector(s) and their fees and wages
- J- Determining general policies of the authority
- K- Determining compensation and rewards of members of the board of directors and managing director

³¹³ The approval letter concerning establishment of a council for coordination of authorities in different free trade-industrial zones of the Islamic Republic of Iran (passed on 1994-05-01) was cancelled based on approval letter with same title approved on 2005-12-04 .

B-Refer to approval letter of Supreme Council of Free Trade-industrial Zone and Special Free Zones passed by Board of Ministers on 2013-08-25.

- L- Determining amount and methods of charging fees in Kish Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- (Amended on 1997-03-03): Making decisions regarding depositing some or all of annual dividend to accounts of authority³¹⁴

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

The board of directors

Article. 12-The authority should be administered by a the board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

Article. 14-The meetings of the board of directors should be established at least once every month based on invitation of head of the board of directors and managing director of the authority. Members of the board of directors could communicate their comments and subjects to be raised to head of the board of directors and managing director. These ideas and comments should be included in minute of the meeting.

Article. 15-The meetings of the board of directors will be formal if at least two thirds of members are present. Decisions of the meetings will be valid and enforceable if majority vote approves them.

³¹⁴ Based on approval letter (passed on 1998-04-27) issued by Supreme Council of Free Trade-industrial Zone, this paragraph was included.

Article. 16-For every meeting of board of directors, a minute should be developed by secretary and signed by all present members in the meeting. In this document, names of absent and present members of the board of directors and a summary of negotiations and decisions as well as date of the meeting should be detailed. Every member of the board of directors who has opposing ideas against some or all of the decisions made in the meeting should assure that his/her ideas are recorded carefully.

Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)
- B- Determination of ways of charging fees based on relevant bylaw
- C- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval
- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval
- I- Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

- A- Validation of typical and current correspondence of authority by signing
- B- Discharge or assignment of authority's employees
- C- Determining rights and privileges, offering awards and pay raise of employees and making decisions regarding employment affairs of employees based on relevant bylaws
- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Kish Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Free Trade-Industrial Zones that lack administrators
- H- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.
- I- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Kish Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20-General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legl inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the

authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- A- Matching authority's operation with approved budget
- B- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
- C- Commenting on accuracy of report of the board of directors to general assembly
- D- Enforcing inspector's duties as determined in regulations of the articles of association in a way that does not inhibit authority from its normal activity.

Chapter. 4-Financial Statements

Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

Article. 23-All obligatory documents and papers of the authority as well as checks and guarantees should be signed by head of the board of directors or his/her representative and another person selected by board of directors. In addition, documents should be stamped.

Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

Articles of Association of Chabahar Free Trade-industrial Zone³¹⁵

³¹⁵This bylaw was numbered K56T/20121 and enforced on 1994-07-17.

**Approved by Member Ministers of Supreme Council of Free Trade-industrial Zones on
1994-06-21**

With Further Annexes

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Chabahar Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Chabahar Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time.

Article. 4- Authority’s Capital: Capital of the authority is 100.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as 100.000 shares each valued at 100.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on approval letter no. H30T/16632 approved on 1993-05-03, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³¹⁶

Article. 8-The duties and authorities of general assembly include:

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
- C- Monitoring organizational activities
- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance
- E- Approval of organizational bylaws
- F- Approval of security and intelligence regulations of the zone after acceptance of Commander in Chief
- G- Making decisions regarding increase or decrease of capital
- H- Assignment and discharge of board of directors
- I- Selection of inspector(s) and their fees and wages
- J- Determining general policies of the authority
- K- Determining compensation and rewards of members of the board of directors and managing director
- L- Determining amount and methods of charging fees in Chabahar Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- (Amended on 1997-03-03): Making decisions regarding depositing some or all of annual dividend to accounts of authority³¹⁷

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and

³¹⁶ The approval letter concerning establishment of a council for coordination of authorities in different free trade-industrial zones of the Islamic Republic of Iran (passed on 1994-05-01) was cancelled based on approval letter with same title approved on 2005-12-04 .

B-Refer to approval letter of Supreme Council of Free Trade-industrial Zone and Special Free Zones passed by Board of Ministers on 2013-08-25.

³¹⁷ Based on approval letter (passed on 1998-04-27) issued by Supreme Council of Free Trade-industrial Zone, this paragraph was included.

approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

The board of directors

Article. 12-The authority should be administered by board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

Article. 14-The meetings of the board of directors should be established at least once every month based on invitation of head of the board of directors and managing director of the authority. Members of the board of directors could communicate their comments and subjects to be raised to head of the board of directors and managing director. These ideas and comments should be included in minute of the meeting.

Article. 15-The meetings of the board of directors will be formal if at least two thirds of members are present. Decisions of the meetings will be valid and enforceable if majority vote approves them.

Article. 16-For every meeting of board of directors, a minute should be developed by secretary and signed by all present members in the meeting. In this document, names of absent and present members of the board of directors and a summary of negotiations and decisions as well as date of the meeting should be detailed. Every member of the board of directors who has opposing ideas against some or all of the decisions made in the meeting should assure that his/her ideas are recorded carefully.

Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)

- B- Determination of ways of charging fees based on relevant bylaw
- C- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval
- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval
- I- Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

- A- Validation of typical and current correspondence of authority by signing
- B- Discharge or assignment of authority's employees

- C- Determining rights and privileges, offering awards and pay raise of employees and making decisions regarding employment affairs of employees based on relevant bylaws
- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Chabahar Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Free Trade-Industrial Zone that lack administrators
- H- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.
- I- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Chabahar Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20-General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legal inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- A- Matching authority's operation with approved budget
- B- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
- C- Commenting on accuracy of report of the board of directors to general assembly
- D- Enforcing inspector's duties as determined in regulations of the articles of association in a way that does not inhibit authority from its normal activity.

Chapter. 4-Financial Statements

Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

Article. 23-All obligatory documents and papers of the authority as well as checks and guarantees should be signed by head of the board of directors or his/her representative and another person selected by board of directors. In addition, documents should be stamped.

Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

Articles of Association of Industrial Fishing Company of Chabahar Free Trade-Industrial Zone³¹⁸

**Approved by Member Ministers of Supreme Council of Free Trade-industrial Zone on
1994-06-21**

With Further Annexes

Chapter. 1-General Principles

Article. 1 (Amended on 2014-09-17)-Name of Organization: Investment, Business Development and Industrial Fishing Company of Chabahar Free Trade-industrial Company (Ltd.) which Hereinafter will be termed “authority” in this bylaw.

Article. 2 (Amended on 2014-09-17)-To realize its objectives, the company should conduct the following tasks that are permissible within framework of general policies of Supreme Council of Free Trade-industrial zonesIndustry:

³¹⁸This bylaw was numbered K15042T/30336 and enforced on 1995-11-05.

- A- Investment, fishing and hunting services, breeding and processing different types of fishes and conducting permissible service, developmental and commercial affairs based on general principles of article. 44 of the Constitution and its executive bylaw.
- B- Conducting necessary activity and measures regarding identification and attraction of capable Iranian and foreign investors for investing in the zone based on investment regulations free trade-industrial zones (addressed in approval letter no. K23T/33432 passed on 1994-06-06)³¹⁹

Note. Establishment of company and participation in share of companies up to 49 percent and attracting human resources by coordination with secretariat, within framework of general policies that are addressed in article 44 of the Constitution and its executive law, and based on policies notified by Supreme Council of Free Trade-industrial Zones and Special Economic Zone.

Article. 3-Company was established to operate for unlimited period of time.

Article. 4-Main office of the company is located in Chabahar Free Trade-industrial Zone on the road between Chabahar and Tabas.

Article. 5-Capital of the company amounts to 100.000.000 IRR in the form of 1000 shares each of which was valued as 100.000 IRR. In this case, 997 shares are possessed by authority of Chabahar Free Trade-industrial Zone and included in articles of association of the authority. In addition, 1 share belongs to Iranian Fisheries Company, 1 share belongs to Mahab-Moqadas Investment Company and 1 share belongs to Melat Investment Company.

Note-About 35 percent of nominal value of the shares were paid in cash and the rest were purchased by shareholders in 2-year installments.

Chapter. 3-Departments of Authority

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

³¹⁹ Refer to Bylaw of Regulations of Investment in Free Trade-industrial Zones of Islamic Republic of Iran passed on 1998-05-09 which is included in this collection.

Article. 7-General assembly of the company or representatives of their members is held by introducing head of the assembly who is managing director of the authority too.

Article. 8-Meetings of general assembly of the company is held at least twice every year by invitation of managing director. The meetings should be held once in 4 months before end of financial year for review and approval of balance sheet and profit-loss account and once in second half of the year for studying and approval of budget for next year. The meetings are held in headquarter of the company or in places agreed by the board of directors members.

Article. 9-The official invitation letter of general assembly includes day, hour and place. The minutes of meetings should be forwarded by head of management to shareholders in less than 15 days from date of the meeting.

Article. 10-Decisions of general assembly will be valid by majority vote (1 vote every share).

Note-Negotiations and decisions of general assemblies of the company should be registered in a document. The document should be signed by members of the board of directors and maintained in main office of the company.

Article. 11-The authorities and tasks of general assembly include:

- A- Determining general policy of the company
- B- Listening to and review of annual report of the board of directors and inspector and making essential decisions
- C- Review and approval of budget, balance sheet, and profit and loss account and way of distribution of dividends
- D- Review and approval of financial, transactional, administrative, and recruitment bylaws of the company.
- E- Determining rights and authorities of board of directors, wage of legal inspectors (auditors) and their rewards
- F- Determining a widely distributed journal for printing company's ads
- G- (Amended on 2000-03-08): Making investment or cooperation decisions based on suggestion of the board of directors by considering regulations.
- H- Determining members of the board of directors and legal inspectors

Article. 12-Authorities and duties of general assembly are:

- A- Suggestion of changing some articles of the charger to general assembly of authority
- B- Suggestion of increasing or decreasing capital of company to to general assembly of authority
- C- Suggestion of dissolution of company to to general assembly of authority

Article. 13-Extraordinary and typical meetings of general assembly should be held by invitation of the board of directors of the company or its legal inspector or official request of one-fifth of shareholders.

B-Board of directors

Article. 14-Company is administered by a the board of directors composed of 3 to 5 persons that are selected by general assembly. The board could conduct its presumed tasks for the next 2 years. Their reassignment is permitted.

Note. 1-In the case that one of the members passes away, resigns or is fired or if there are legal complications, a normal general assembly is formed by request of the board of directors or inspector to select an alternate member.

Note. 2-Selection of new members for the rest of the period should be done by the board of directors and responsibilities of other members of the board of directors will remain valid until new members substitute for them.

Article. 15- Among themselves, members of the board of directors select one person as head of the board and another person should be selected as deputy head. Their terms of office should not exceed their term of management in board of management.

Article. 16-Board of Directors should hold meetings at least once every month based on invitation of head of the board of directors at pre-determined location.

Article. 17-For each meeting of board of directors, the minute of the meeting should contain a summary of negotiations as well as decisions made along with date of the meeting. The document should be signed by present members.

Note- The comments of every member of the board of directors which goes against some or all decisions of the meeting should be detailed in the minute.

Article. 18-Major authorities and tasks of the board of directors are:

- A- All essential authorities for administration of the company except for those issues that Business Law and this articles of association refers them to general assembly.
- B- Representation of the company against persons and all governmental and public entities, courts of justice and judicial entities (by preserving right of advocacy)
- C- Delivering annual report to general assembly
- D- Developing budget and annual financial report of the company and suggestion of manner of profit distribution to general assembly
- E- Developing financial, transactional, administrative and recruitment bylaws of the company and suggesting them to general assembly

- F- Suggestion of method of investment or cooperation of the company to general assembly
- G- (Amended on 1999-05-08): Opening accounts under company's name in banks and credit institutes and other financial and business institutes and blocking such accounts

Article. 19 (Amended on 2014-09-17): The board of directors should select a person as managing director if general assembly confirms him/her. Managing director should enforce approved regulations of board of directors. The board could assign some of the authorities detailed in article 18 to managing director.

Article. 20-All checks, promissory notes, bills of exchange, contracts and any other obligating document will be valid if they are signed by managing director, one of the members of the board of directors and if they have company's stamp on them.

C-Inspector (Auditor)

Article. 21 (Amended on 2014-09-17): Typical general assembly should annually select one or more inspectors (auditors) among officially accredited auditors belonging to different auditing entities (based on Law on Use of Specialized and Professional Services of Qualified Auditors, approved on 1993). These auditors are recruited as official auditors of the company to do their duties based on Business Law and this bylaw. Reassignment of inspectors and auditors is allowed.

Note. 1 (Amended on 2014-09-17): Typical general assembly could discharge inspector(s) if they have substitute(s).

Note. 2 (Amended on 2014-09-17): Determining wage of inspectors should be done in typical meetings of general assembly.

Article. 22-Legal inspector(s) should conduct the reviews or inspections at any time and go through company's documents and information. This reviews and investigations should not cease or disrupt typical activities of the company.

Article. 23-Inspector's report should be prepared in at least 10 days before meeting of general assembly so that shareholders could be notified and have sufficient time for participation in the company. Those decisions made by general assembly without awareness of inspector's report about approval of balance sheet and profit and loss account of the company are invalid.

Chapter. 3-Miscellaneous Regulations

Article. 24-The board of directors of the company should develop assets and liabilities statement, balance sheet and profit and loss account of the company as well as reports of activity and general conditions of the company during the financial year (from Mach 20th of current year

to March 19 of the next year; except for date of establishment to March 19th of the first year) based on article 233 of Amendment to Business Law (passed on 1968)³²⁰. These documents should be delivered to inspector in 20 days from date of typical meeting of general assembly. After inspector's review, his/her report should be annexed to other documents and offered to general assembly of shareholder.

Article. 25-In 10 days before holding annual general assembly, each shareholder could visit the center of the company and obtain a copy of accounts record, list of shareholder, balance sheet, as well as profits and loss account of the company.

Article. 26-Net profit of every financial year refers to revenues of the same financial year minus all costs, depreciation and savings.

Article. 27-After addressing losses of previous years, one twentieth of net profit is allocated to legal saving account (based on articles 140 and 238 of Amendment to Business Law approved on 1969)³²¹. In addition, based on suggestion of the board of directors and approval of general assembly, depositing a part of special profit into certain saving accounts is possible.

Article. 28- Dividend refers to net income of each financial year of the company minus losses of previous years, legal savings and other arbitrary savings plus undivided profits of previous years. Division of profit and savings among shareholders is allowed after approval of general assembly. In 8 months from date of receiving approval of general assembly, the company should pay the profit to shareholders.

Article. 29-Transfer of company's shares to real or legal persons (including private or public sector) is possible if relevant laws are considered and two thirds of votes of members of general assembly approves it. This should be registered in shares registration book and transferring person or his legal representative should sign transfer documents in the book.

³²⁰ Article 233 of Amendment to Business Law (passed on 1969-03-15):

After expiration of every financial year, the board of directors of the company should assets and liabilities statement, balance sheet and profit and loss account of the company as well as reports of activity and general conditions of the company during the financial year. These documents should be delivered to inspector in 20 days from date of typical meeting of general assembly.

³²¹ From Amendment to Business Law (approved on 1969-03-15)

Article. 140-The board of directors should annually deposit one twentieth of net profit of the company into legal saving account. When legal saving became one tenth of company's capital, it could be addressed at will. In the case that capital of the company increases, deduction of one-twentieth of net profit could continue until legal saving account is equal with one tenth of capital.

Article. 238-After addressing losses of previous years, one twentieth of net profit of companies should be deposited into legal saving account (based on article 140). Any decision against this article is forbidden.

Article. 30-Dissolution of company should be done by approval of extraordinary meetings of general assembly based on regulations of Business Law and articles of association of the company.

Article. 31-Other issues unpredicted in this articles of association should be addressed based on Business Law and other regulations.

Articles of Association of Arasbaran Free Trade-industrial Zone^{322 323}

Approved by Board of Ministers on 2004-07-25

With Further Amendments

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Arasbaran Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Arasbaran Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time.

Article. 4- Authority’s Capital: Capital of the authority is 100.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as 100.000 shares each valued at 1.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

³²²This bylaw was numbered K31076T/20121 and enforced on 1995-11-05.

³²³ Arasbaran Free Trade-industrial Zone was modified based on approval letter no. H30820T/20708 passed on 2005-06-28 by Board of Ministers. Then, based on approval letter no. H41480T/216684 passed on 2009-01-31 by Board of Ministers. Finally, limits of the zone was adjusted based on approval letter no. K50925T/153552 passed on 2015-03-07.

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on approval letter no. H30T/16632 approved on 1993-05-03, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³²⁴

Article. 8-The duties and authorities of general assembly include:

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
- C- Monitoring organizational activities
- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance
- E- Approval of organizational bylaws
- F- Approval of security and intelligence regulations of the zone after acceptance of Commander in Chief
- G- Making decisions regarding increase or decrease of capital
- H- Assignment and discharge of board of directors
- I- Selection of inspector(s) and their fees and wages
- J- Determining general policies of the authority
- K- Determining compensation and rewards of members of the board of directors and managing director

³²⁴ The approval letter concerning establishment of a council for coordination of authorities in different free trade-industrial zones of the Islamic Republic of Iran (passed on 1994-05-01) was cancelled based on approval letter with same title approved on 2005-12-04 .

B-Refer to approval letter of Supreme Council of Free Trade-industrial Zone and Special Free Zones passed by Board of Ministers on 2013-08-25.

- L- Determining amount and methods of charging fees in Arasbaran Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- (Amended on 1997-03-03): Making decisions regarding depositing some or all of annual dividend to accounts of authority³²⁵

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

The board of directors

Article. 12-The authority should be administered by board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

Article. 14-The meetings of the board of directors should be established at least once every month based on invitation of head of the board of directors and managing director of the authority. Members of the board of directors could communicate their comments and subjects to be raised to head of the board of directors and managing director. These ideas and comments should be included in minute of the meeting.

Article. 15-The meetings of the board of directors will be formal if at least two thirds of members are present. Decisions of the meetings will be valid and enforceable if majority vote approves them.

³²⁵ Based on approval letter (passed on 1998-04-27) issued by Supreme Council of Free Trade-industrial Zone, this paragraph was included.

Article. 16-For every meeting of board of directors, a minute should be developed by secretary and signed by all present members in the meeting. In this document, names of absent and present members of the board of directors and a summary of negotiations and decisions as well as date of the meeting should be detailed. Every member of the board of directors who has opposing ideas against some or all of the decisions made in the meeting should assure that his/her ideas are recorded carefully.

Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones (passed on 1994) for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)
- B- Determination of ways of charging fees based on relevant bylaw
- C- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval
- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval
- I- Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

- A- Validation of typical and current correspondence of authority by signing
- B- Discharge or assignment of authority's employees
- C- Determining rights and privileges, offering awards and pay raise of employees and making decisions regarding employment affairs of employees based on relevant bylaws
- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Arasbaran Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Free Trade-Industrial Zone that lack administrators
- H- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.
- I- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Arasbaran Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20-General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legal inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- A- Matching authority's operation with approved budget
- B- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
- C- Commenting on accuracy of report of the board of directors to general assembly
- D- Enforcing inspector's duties as determined in regulations of the articles of association in a way that does not inhibit authority from its normal activity.

Chapter. 4-Financial Statements

Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

Article. 23-All obligatory documents and papers of the authority as well as checks and guarantees should be signed by head of the board of directors or his/her representative and another person selected by board of directors. In addition, documents should be stamped.

Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

This articles of association was supported by Guardian Council based on approval letter no. 830/30/8337 (2004-08-26).

Articles of Association of Abadan-Khoramshahr Free Trade-industrial Zone³²⁶

Approved by Board of Ministers on 2004-07-25

With Further Amendments

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Arvand Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Arvand Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time.

Article. 4- Authority’s Capital: Capital of the authority is 100.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as 100.000 shares each valued at 1.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

³²⁶This bylaw was numbered K31076T/30730 and enforced on 1995-11-05.

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on an approval letter approved on 1998-01-20, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³²⁷

Article. 8-The duties and authorities of general assembly include:

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
- C- Monitoring organizational activities
- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance
- E- Approval of organizational bylaws
- F- Approval of security and intelligence regulations of the zone after acceptance of Commander in Chief
- G- Making decisions regarding increase or decrease of capital
- H- Assignment and discharge of board of directors
- I- Selection of inspector(s) and their fees and wages

³²⁷ This refers to approval of formation of Coordination Committee of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1997-12-21). In addition, refer to Approval Letter for Establishment of Coordination Committee of Free Trade-industrial and Special Economic Zones (passed on 2013-08-25 by Board of Ministers) that is included in this collection.

- J- Determining general policies of the authority
- K- Determining compensation and rewards of members of the board of directors and managing director
- L- Determining amount and methods of charging fees in Arvand Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- (Amended on 1997-03-03): Making decisions regarding depositing some or all of annual dividend to accounts of authority³²⁸

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

The board of directors

Article. 12 (Amended on 2010-02-21)-The authority should be administered by a the board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

Article. 14-The meetings of the board of directors should be established at least once every month based on invitation of head of the board of directors and managing director of the authority. Members of the board of directors could communicate their comments and subjects to be raised to head of the board of directors and managing director. These ideas and comments should be included in minute of the meeting.

³²⁸ Based on approval letter (passed on 1998-04-27) issued by Supreme Council of Free Trade-industrial Zone, this paragraph was included.

Article. 15-The meetings of the board of directors will be formal if at least two thirds of members are present. Decisions of the meetings will be valid and enforceable if majority vote approves them.

Article. 16-For every meeting of board of directors, a minute should be developed by secretary and signed by all present members in the meeting. In this document, names of absent and present members of the board of directors and a summary of negotiations and decisions as well as date of the meeting should be detailed. Every member of the board of directors who has opposing ideas against some or all of the decisions made in the meeting should assure that his/her ideas are recorded carefully.

Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones (passed in 1994) for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)
- B- Determination of ways of charging fees based on relevant bylaw
- C- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval
- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval
- I- Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

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- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Arvand Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Free Trade-Industrial Zone that lack administrators
- H- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.
- I- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Arvand Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20-General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legal inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- A- Matching authority's operation with approved budget
- B- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
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Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

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Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

This articles of association was supported by Guardian Council based on approval letter no. 830/30/8337 (2004-08-26).

Articles of Association of Anzali Free Trade-industrial Zone³²⁹

Approved by Board of Ministers on 2004-07-25

With Further Amendments

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Anzali Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Anzali Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time.

Article. 4- Authority’s Capital: Capital of the authority is 100.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as 100.000 shares each valued at 1.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

³²⁹This bylaw was numbered K31076T/30731 and enforced on 1995-11-05.

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on an approval letter approved on 1998-01-20, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³³⁰

Article. 8-The duties and authorities of general assembly include:

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
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- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance
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- J- Determining general policies of the authority
- K- Determining compensation and rewards of members of the board of directors and managing director
- L- Determining amount and methods of charging fees in Anzali Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- (Amended on 1997-03-03): Making decisions regarding depositing some or all of annual dividend to accounts of authority³³¹

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

³³⁰ This refers to approval of formation of Coordination Committee of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1997-12-21). In addition, refer to Approval Letter for Establishment of Coordination Committee of Free Trade-industrial and Special Economic Zones (passed on 2013-08-25 by Board of Ministers) that is included in this collection.

³³¹ Based on approval letter (passed on 1998-04-27) issued by Supreme Council of Free Trade-industrial Zone, this paragraph was included.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

The board of directors

Article. 12 (Amended on 2010-02-21)-The authority should be administered by a the board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

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Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones (passed on 1994) for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)
- B- Determination of ways of charging fees based on relevant bylaw

- C- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval
- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval
- I- Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

- A- Validation of typical and current correspondence of authority by signing
- B- Discharge or assignment of authority's employees

- C- Determining rights and privileges, offering awards and pay raise of employees and making decisions regarding employment affairs of employees based on relevant bylaws
- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Anzali Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Free Trade-Industrial Zone that lack administrators
- H- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.
- I- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Arvand Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20-General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legal inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- J- Matching authority's operation with approved budget
- K- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
- L- Commenting on accuracy of report of the board of directors to general assembly
- M- Enforcing inspector's duties as determined in regulations of the articles of association in a way that does not inhibit authority from its normal activity.

Chapter. 4-Financial Statements

Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

Article. 23-All obligatory documents and papers of the authority as well as checks and guarantees should be signed by head of the board of directors or his/her representative and another person selected by board of directors. In addition, documents should be stamped.

Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

This articles of association was supported by Guardian Council based on approval letter no. 830/30/8337 (2004-08-26).

Articles of Association of Maku Free Trade-industrial Zone³³²

Approved by Board of Ministers on 2004-07-25

With Further Amendments

Chapter. 1-General Principles and Definitions

Article. 1-Name of Organization: Authority of Maku Free Trade-industrial Zone which Hereinafter will be termed “authority” in this bylaw.

Article. 2-Main office of Authority: Main office of administrative authority is located inside of Maku Free Trade-industrial Zone.

Article. 3-Duration of Activity: Authority is established to operate for an unlimited period of time.

³³²This bylaw was numbered K45923T/153224 and enforced on 1995-11-05.

Article. 4- Authority's Capital: Capital of the authority is 100.000.000.000 IRR which is funded by non-cash reserves (land and facilities). The capital belongs to the government wholly and it is defined as 100.000 shares each valued at 1.000.000 IRR.

Chapter. 2-Objectives of Authority

Article. 5-The objectives of organization are:

Conducting infrastructure and developmental affairs, realization of economic development, investment, increase of public income, generating healthy and productive income, regulating job market, active presence in global and regional markets, manufacturing and exportation of industrial goods and goods for further processing, and offering public services

Chapter. 3-Departments of Authority

Article. 6-The departments within authority are:

- General Assembly
- Board of directors
- Managing director and Head of Board of directors
- Legal Inspector(s)

General Assembly

Article. 7-Board of Ministers is shareholding owner in general assemblies that, based on an approval letter approved on 1998-01-20, assigned its authorities to member ministers of Supreme Council of Free Trade-industrial Zones headed by President.³³³

Article. 8-The duties and authorities of general assembly include:

³³³ This approval letter was voided and approval letter for establishing Coordination Council of Free Trade-industrial Zones and Special Economic Zones passed by Board of Ministers on 2013-08-25 substituted for it.

- A- Agreement with establishment and dissolution of subsidiaries
- B- Approval or modification of articles of association of authority and its subsidiaries based on article 88 of the Constitution
- C- Monitoring organizational activities
- D- Approval of development and organizational plans, annual budget, financial statement and organizational performance
- E- Approval of organizational bylaws
- F- Approval of security and intelligence regulations of the zone after acceptance of Commander in Chief
- G- Making decisions regarding increase or decrease of capital
- H- Assignment and discharge of board of directors
- I- Selection of inspector(s) and their fees and wages
- J- Determining general policies of the authority
- K- (Amended on 2012-08-26) Determining compensation and rewards of members of the board of directors and managing director based on Labor Law and relevant regulations.
- L- Determining amount and methods of charging fees in Maku Free Trade-industrial Zone
- M- Making decisions regarding any subject should be raised in meeting of general assembly based on the articles of association.
- N- Making decisions regarding depositing some or all of annual dividend to accounts of authority

Article. 9-General assembly should be held at least once every year for review of financial statements issued up to end of July of each year and at least once every year for review and approval of annual budget for the next year. The second meeting should be held before end of January of the same year.

Article. 10-Invitation for holding general assembly should be done by President in due time.

Article. 11-Location and procedure for formalization of meetings and approval of subjects raised in the general assembly should be determined based on internal bylaw of Supreme Council of Free Trade-industrial Zone.

The board of directors

Article. 12 -The authority should be administered by a the board of directors made up of 3 or 5 individuals who are assigned by general assembly. The members of the board of directors should be selected by general assembly. Discharge of members of the board of directors should be done by general assembly too.

Article. 13-Members of the board of directors are selected for filling intended positions for the next 3 years. Their re-selection is permitted. As long as new members of the board of directors have not been selected, previous the board of directors should continue conducting its duties.

Article. 14-The meetings of the board of directors should be established at least once every month based on invitation of head of the board of directors and managing director of the authority. Members of the board of directors could communicate their comments and subjects to be raised to head of the board of directors and managing director. These ideas and comments should be included in minute of the meeting.

Article. 15-The meetings of the board of directors will be formal if at least two thirds of members are present. Decisions of the meetings will be valid and enforceable if majority vote approves them.

Article. 16-For every meeting of board of directors, a minute should be developed by secretary and signed by all present members in the meeting. In this document, names of absent and present members of the board of directors and a summary of negotiations and decisions as well as date of the meeting should be detailed. Every member of the board of directors who has opposing ideas against some or all of the decisions made in the meeting should assure that his/her ideas are recorded carefully.

Article. 17-The board of directors has all authorities awarded in the Law on Administration of Free Trade-industrial Zones (passed in 1994) for conducting the assigned duties in this articles of association. Among these duties and authorities, one could point to:

- A- Determination of executive methods for finalizing any contract and cooperation with real and legal persons (Iranian or foreign)
- B- Determination of ways of charging fees based on relevant bylaw
- C- (Amended on 2012-08-26)- Procedure for registration of companies and industrial and intellectual properties and rights, and registration of ships and airlines in the zone based on relevant bylaws and without developing patents and exclusivity
- D- Agreement with establishing representative offices in required locations
- E- Procedure for exploitation of lands and natural resources and arranging for sale or renting them within Free Trade-industrial Zone based on executive bylaws passed by general assembly
- F- Making decisions regarding purchase, sale, lease or contracting affairs and conducting all commercial and manufacturing affairs, regulating exports and imports based on passed bylaws
- G- Developing and offering annual budget and plans of authorities to generally assembly for review and approval

- H- Developing and approval of reports of decisions of board of directors, financial statement and annual performance of authority and offering them to general assembly for further review and approval
- I- (Amended on 2012-08-26): Developing and review of internal bylaws and offering them to general assembly for further approval
- J- Agreement with awarding and acceptance of guarantees, endorsements, business decisions, mortgaging tangible and intangible assets based on relevant bylaws
- K- The board of directors could assign some of its authorities to head of the board of directors and managing director.

Note- The board of directors could assign some of its authorities to its head or managing director.

Head of The board of directors and Managing director

Article. 18-Managing director of authority is head of the board of directors who is assigned by President. The head should be selected out of members of the board of directors and he/she is regarded as top executive official of the authority.

Term of office for managing director is 3 years and his reassignment is allowed. In any case, managing director's term of office should not exceed his/her period of membership in board of directors.

Article. 19-Head of the board of directors and managing director have all pre-approved authorities and rights concerning enforcement of approved regulations and decisions of board of directors. Other authorities and duties that the officer has are:

- A- Validation of typical and current correspondence of authority by signing
- B- (Amended on 2012-08-26) Discharge or assignment of authority's employees
- C- Determining rights and privileges, offering awards and pay raise of employees and making decisions regarding employment affairs of employees based on relevant bylaws
- D- Reception of loan installments, paying debts, opening accounts in IRR and foreign currencies in domestic and foreign banks by signing
- E- Issuing license for any type of economic activity permitted in Maku Free Trade-industrial Zone
- F- Issuing visa for foreign nationals based on relevant bylaws
- G- Assigning administrator for different types of jobs and activities within Free Trade-Industrial Zone that lack administrators

Note. 1- Head of the board of directors and managing director could assign some of his/her authorities to members of the board of directors or employees of the authority.

Note. 2- Head of the board of directors and managing director is responsible for enforcing all affairs concerning Maku Free Trade-industrial Zone and protecting rights, benefits and assets of the authority.

Legal Inspector(s)

Article. 20 (Amended on 2012-08-26)- General assembly should select 1 main inspector and an alternate inspector among real or legal persons qualified to take the position for the next year. Reassigning them is allowed and as long as selecting the person for the next term has not been completed, previous inspector should continue conducting the job.

In the case of death, resigning or discharge of main inspector, alternate inspector should conduct the presumed tasks.

Article. 21-Legal inspector could, based on legally assigned authorities and duties he/she has been awarded, do any type of inspection, visit all offices, review files and contracts of the authority and go through details of authority's documents and contracts. The main authorities and duties of inspector are:

- A- Matching authority's operation with approved budget
- B- Reviewing financial statements of authority, recognizing them and matching them with organizational books, developing reports and offering comments regarding activities of the authority and offering results and reports to general assembly. The report should be delivered to head of the board of directors in at least 20 days before date of holding the meeting of general assembly
- C- Commenting on accuracy of report of the board of directors to general assembly

Note. 1-Enforcing inspector's duties as determined in regulations of the articles of association in a way that does not inhibit authority from its normal activity.

Chapter. 4-Financial Statements

Article. 22-Financial year of the authority starts from March 20th of each year and ends in March 19th of the same year. Financial statements and reports of the board of directors should be offered to legal inspector in 40 days before date of holding general assembly.

Article. 23-All obligatory documents and papers of the authority as well as checks and guarantees should be signed by head of the board of directors or his/her representative and another person selected by board of directors. In addition, documents should be stamped.

Article. 24-Numbers and types of legal books should be determined based on Business Law and regulations passed by board of directors.

Article. 25-Accounts of authority should be developed and maintained based on proper and common methods of accounting and regulations of Business Law

Article. 26-In regard to affairs not addressed in this articles of association, Law on Administration of Free Zones, approved regulations of general assembly and executive bylaws, Business Law should be regarded as reference.

This articles of association was supported by Guardian Council based on approval letter no. 41467/30/89 passed on 2011-02-09, letter no. 4390/30/90 passed on 2011-09-25, and letter no, 44252/30/90 passed on 2011-10-19.

Articles of Association of Qeshm Investment and Development Company³³⁴

Approved by Board of Ministers on 2014-09-17

Chapter. 1-General Principles

Article. 1 Name of Company: Qeshm Investment and Development Company (Ltd.) is an Iranian company that is completely owned by Qeshm Free Trade-industrial Zone and hereafter, it is solely called “Company” in this articles of association.

Article. 2-Company has limited ownership and independent legal personality. It will be administered based on dominant regulations on Free Trade-industrial Zones of Islamic Republic of Iran.

Article. 3-The primary objective of the company is realization of economic development and progress in industry, civil development, commerce, and services of Qeshm Island through absorbing domestic and foreign capitals, offering support and economic services in different fields of investment to economic activists and investment in Qeshm Free Trade-industrial and Special Economic Zone.

³³⁴This bylaw was numbered H49418T/91091 and enforced on 2014-11-01.

Article. 4-To realize its objectives, the company should conduct the following tasks that are permissible within framework of general policies of Supreme Council of Free Industry:

- A- Investment, fishing and hunting services, breeding and processing different types of fishes and conducting permissible service, developmental and commercial affairs based on general principles of article. 44 of the Constitution and its executive bylaw.
- B- Conducting necessary activity and measures regarding identification and attraction of capable Iranian and foreign investors for investing in the zone based on investment regulations free trade-industrial zones (addressed in approval letter no. K23T/33432 passed on 1994-06-06)³³⁵
- C- Use of loans and credit of banks and financial institutes based on Sharia laws and brokerage in Tehran Stock Exchange based on Securities Market Act of Islamic Republic of Iran (passed on 2006).³³⁶
- D- Purchase and Sale of intangible assets based on relevant regulations and policies of Supreme Council of Free Trade-industrial and Special Economic Zones to contribute to benefits of the company
- E- Review of commercial, industrial, and service investment and offering support and economic services in different fields of investment
- F- Developing and offering investment packages for developing and identification of opportunities and projects of investment in Qeshm Free Zone based on Comprehensive Plan of Qeshm Free Trade-industrial Zone

Article. 5-Duration of activity: Sine date of its establishment, the company could operate for unlimited period of time.

Article. 6- Headquarter of the company is located in Qeshm Island.

Note. For fulfilling duties developed in this bylaw, the company could establish branches and representatives inside the country after approval of general assembly and satisfaction of relevant regulations.

Article. 7-Capital of the company amounts to 4.430.424.800 IRR in the form of 738.404 shares each of which was valued as 6.000 IRR all of which had been paid out.

Note-Under no circumstance, capital of the company should be supplied by financial loans of the company (public or private) or credit institutes.

Chapter. 3-Departments of Authority

³³⁵ Refer to Bylaw of Regulations of Investment in Free Trade-industrial Zones of Islamic Republic of Iran passed on 1994-05-09 which is included in this collection.

³³⁶ Refer to the above law (passed on 2005-11-22) which is available online at www.dotic.ir

Article. 8-The departments within authority are:

- General Assembly
- Board of directors
- Legal Inspector(s)

General Assembly

Article. 9-General assembly of the company is composed of members of the board of directors of authority of Queshm Free Trade-industrial Zone.

Article. 10-Typical annual meeting of general assembly and extraordinary general assembly should be held by invitation of board of directors.

Note. 1-Management board and legal inspector or one of the members of general assembly of the company should, in due time, could invite extraordinary general assembly and/or typical general assembly to held meetings and address the issues at hand.

Note. 2-Whenever general assembly is invited by board of directors, agenda of the meeting should be determined by the board of directors and whenever invitation is done by inspector, agenda of the meeting should be determined by inspector.

Article. 11-Meetings of general assembly of the company is held at least twice every year by invitation of managing director. The meetings should be held once in 4 months before end of financial year for review and approval of balance sheet and profit-loss account and once in second half of the year for studying and approval of budget for next year. The meetings are held in headquarter of the company or in places agreed by the board of directors members.

Article. 12-The official invitation letter of general assembly includes day, hour and place. The minutes of meetings should be forwarded by head of management to shareholders in less than 15 days from date of the meeting.

Article. 13-General assemblies (normal and extraordinary) will be held in center of the company or in the location denoted in invitation letter for shareholder.

Article. 14-Typical and extraordinary meetings of general assembly will be formal if majority of its members are present. The decision will be valid by majority vote of present members in official meetings.

Note. 1-Negotiations and decisions of general assembly of the company will be recorded in minute of the meeting after being signed by board of directors. The document will be maintained in main office of the company.

Note. 2-A copy of minute of general assembly meetings, after being signed by members, will be forwarded to secretariat of Supreme Council of Free Trade-industrial and Special Economic Zones for communication of affairs and matching the document with comments of the council.

Article. 15-The authorities and tasks of general assembly include:

- A- Determining general policy of the company
- B- Listening to and review of annual report of the board of directors and inspector and making essential decisions
- C- Review and approval of budget, balance sheet, and profit and loss account and way of distribution of dividends
- D- Review and approval of financial, transactional, administrative, and recruitment bylaws of the company.
- E- Determining rights and authorities of board of directors, wage of legal inspectors (auditors) and their rewards
- F- Determining a widely distributed journal for printing company's ads
- G- (Amended on 2000-03-08): Making investment or cooperation decisions based on suggestion of the board of directors by considering regulations.
- H- Determining members of the board of directors and legal inspectors

Article. 16-Based on regulations, general assembly could refer the following cases to Board of Ministers for approval:

- A- Changing some articles of the charger to general assembly of authority
- B- Increasing or decreasing capital of company to to general assembly of authority
- C- Dissolution of company to to general assembly of authority

B-Board of directors

Article. 17-Company is administered by a the board of directors composed of 3 to 5 persons that are selected by general assembly. The board could conduct its presumed tasks for the next 2 years. Their reassignment is permitted.

Note. 1-In the case that one of the members passes away, resigns or is fired or if there are legal complications, a normal general assembly is formed by request of the board of directors or inspector to select an alternate member.

Note. 2-Selection of new members for the rest of the period should be done by the board of directors and responsibilities of other members of the board of directors will remain valid until new members substitute for them.

Article. 18- Among themselves, members of the board of directors select one person as head of the board and another person should be selected as deputy head. Their terms of office should not exceed their term of management in board of management.

Article. 19-Board of Directors should hold meetings at least once every month based on invitation of head of the board of directors at pre-determined location.

Article. 20-For each meeting of board of directors, the minute of the meeting should contain a summary of negotiations as well as decisions made along with date of the meeting. The document should be signed by present members.

Note- The comments of every member of the board of directors which goes against some or all decisions of the meeting should be detailed in the minute.

Article. 18-Major authorities and tasks of the board of directors are:

- A- All essential authorities for administration of the company except for those issues that Business Law and this articles of association refers them to general assembly.
- B- Representation of the company against persons and all governmental and public entities, courts of justice and judicial entities (by preserving right of advocacy)
- C- Delivering annual report to general assembly
- D- Developing budget and annual financial report of the company and suggestion of manner of profit distribution to general assembly
- E- Developing financial, transactional, administrative and recruitment bylaws of the company and suggesting them to general assembly
- F- Suggestion of method of investment or cooperation of the company to general assembly
- G- Opening accounts under company's name in banks and credit institutes and other financial and business institutes and blocking such accounts
- H- Approval of referring cases of complaint and compromise for judgment based on article 139 of the Constitution
- I- Filling for and defend of any lawsuit (legal or criminal), giving up claims, preserving all authorities regarding judgment such as right of investigation, signing compromise and assigning lawyers and experts, claims of falsification of document and retuning such documents, determining faker, referring complaint to judgment process, determining judge based on article 139 of Constitution. In general, use of endowed rights and fulfilling obligations, and other legally authorize measures in courts of justice, entities and official registration officies.

Article. 22- The board of directors should select a person as managing director if general assembly confirms him/her. Managing director should enforce approved regulations of board of directors. The board could assign some of the authorities detailed in article 21 of this articles of association to managing director.

Article. 23-All checks, promissory notes, bills of exchange, contracts and any other obligating document will be valid if they are signed by managing director, one of the members of the board of directors and if they have company's stamp on them.

C-Inspector (Auditor)

Article. 24: Typical general assembly should annually select one or more inspectors (auditors) among officially accredited auditors belonging to different auditing entities (based on Law on Use of Specialized and Professional Services of Qualified Auditors, approved on 1993). These auditors are recruited as official auditors of the company to do their duties based on Business Law and this bylaw. Reassignment of inspectors and auditors is allowed.

Note. 1: Typical general assembly could discharge inspector(s) if they have substitute(s).

Note. 2: Determining wage of inspectors should be done in typical meetings of general assembly.

Article. 25-Legal inspector(s) should conduct the reviews or inspections at any time and go through company's documents and information. This reviews and investigations should not cease or disrupt typical activities of the company.

Article. 26-Inspector's report should be prepared in at least 10 days before meeting of general assembly so that shareholders could be notified and have sufficient time for participation in the company. Those decisions made by general assembly without awareness of inspector's report about approval of balance sheet and profit and loss account of the company are invalid.

Chapter. 3-Miscellaneous Regulations

Article. 27-The board of directors of the company should develop assets and liabilities statement, balance sheet and profit and loss account of the company as well as reports of activity and general conditions of the company during the financial year (from March 20th of current year to March 19th of the next year; except for date of establishment to March 19th of the first year) based on article 233 of Amendment to Business Law (passed on 1968). These documents should be delivered to inspector in 20 days from date of typical meeting of general assembly. After inspector's review, his/her report should be annexed to other documents and offered to general assembly of shareholder.

Article. 28-Board of directors, based on article 127 of Amendment to Business Law, should offer a summarized report of assets and sale statements to inspector once every 6 months.

Article. 29-In 10 days before holding annual general assembly, each shareholder could visit the center of the company and obtain a copy of accounts record, list of shareholder, balance sheet, as well as profits and loss account of the company.

Article. 30-Net profit of every financial year refers to revenues of the same financial year minus all costs, depreciation and savings.

Article. 31-After addressing losses of previous years, one twentieth of net profit is allocated to legal saving account (based on articles 140 and 238 of Amendment to Business Law approved on 1969). In addition, based on suggestion of the board of directors and approval of general assembly, depositing a part of special profit into certain saving accounts is possible.

Article. 32- Dividend refers to net income of each financial year of the company minus losses of previous years, legal savings and other arbitrary savings plus undivided profits of previous years. Division of profit and savings among shareholders is allowed after approval of general assembly. In 8 months from date of receiving approval of general assembly, the company should pay the profit to shareholders.

Article. 33-Transfer of company's shares to real or legal persons (including private or public sector) is possible if relevant laws are considered and two thirds of votes of members of general assembly approves it. This should be registered in shares registration book and transferring person or his legal representative should sign transfer documents in the book.

This articles of association was supported based on letter no. 93/102/2342 issued by Guardian Council on 2014-10-25.

Regulations Approved by the Supreme Coordination Council of Free Trade-industrial Zones and Secretary of the Council^{337 338}



Duties and Objectives of Secretariat of Supreme Council of Free Trade-industrial Zones of Islamic Republic of Iran

Approved by Supreme Council of Free Trade-industrial Zones

Passed on 1993-10-04

Introduction:

In order to organize and administer affairs that Supreme Council of Free Trade-industrial Zones of Islamic Republic of Iran has been legally assigned, Secretariat of Supreme Council with following duties and objectives was established.

Chapter. 1-Administrative Affairs

- 1- Reception, forwarding and follow-up of all personnel-related and logistic affairs and activities of Supreme Council
- 2- Developing agenda of meeting, invitation of members and holding meetings of Supreme Council
- 3- Developing summary of negotiations and minutes of held meetings of Supreme Council
- 4- Notification of decisions made by Supreme Council to relevant entities
- 5- Following up status of legal regulation concerning activities of free zones in Cabinet and Islamic Consultative Assembly up to approval step

³³⁷ The approved regulations included here are included as received from Secretariat of Supreme Council of Free Trade-industrial and Special Economic Zones

³³⁸ The term "Supreme Council of Free Trade-industrial Zones" was changed to "Coordination Council of Affairs of Free and Special Economic Zones" and then to "Supreme Council of Special Economic and Special Economic Zones"

- 6- Conducting all affairs concerning public affairs of Supreme Council within and without the country through correspondence with Iranian and foreign entities and organizations
- 7- Participation in domestic and foreign meetings concerning free zones to promote activities of free zones in the country

Chapter. 2-Publication and Research Affairs

8-Developing and maintaining a data center of regulations, rules, activities and experiences of free zones in Iran and abroad and consistent provision of existing information through collection of resources and correspondence with relevant entities

9-Developing, adjusting and completing set of regulations concerned with activities of free zones

10-Developing and distribution of notices, news-letters and books for publication of information of free zones

11-Developing essential articles of associations, regulations and bylaws for enforcing regulations of free zones. This should be done by cooperation and suggestions of authorities of free zones and based on requirements of each zone. The developed documents should be delivered to supreme councils to be reviewed.

12-Developing legal regulations for free zones based on suggestions of authorities in free zones to be raised in Cabinet and Islamic Consultative Assembly

13-Collection of reports developed by authorities of free zones concerning proper methods of policy making, determining objectives and development plans for free zones to be approved by Supreme Council

14-Collection of information and development of annual budget for free zones based on suggestion of authorities of free zones to be passed by Supreme Council

15-Developing descriptive reports on financial statements and auditing reports offered by authorities in free zones and comparison of their financial performance with budget and approved plan for review in Supreme Council

16-Developing and review of reports for comparison of regulations and practical arrangements of economic activities in free zones in Supreme Council and coordination of activities of free zones and development plans of Iran

17-Developing and issuing research-based reports concerning issues, problems and facilities of free zones in different countries of the world along with review of those characteristics of free

zones which contribute to activities of free zones, and cooperation with authorities of free zones to develop a comprehensive report and offer it to Supreme Council

Chapter. 3-Inspection and Control

- Forwarding independent expert groups for visiting and reviewing performance of authorities of free zones and addressing distinct problems and issues raised by Supreme Council
- Conducting periodical inspections of free zones, developing periodical reports of performance of authorities of free zones and delivering those reports to Supreme Council
- In order to conduct above-mentioned researches and inspection activities, some contracts should be finalized by recruiting experts and researchers will essential qualifications

Chapter. 4-Transfer of Items Returned from Customs Organization to Free Zones

Passed by Supreme Council of Free Trade-industrial Zones (on 1995-07-31)

Considering the fact that transfer of returned items (as addressed in chapter 6 in section 4 of Executive Bylaw of Law of Customs Affairs passed on 1972-04-09)³³⁹ from customs organizations of mainland to any play out of customs-covered areas of country is permitted, importation of such items into Free Trade-industrial Zones and areas addressed in paragraph “D” of article 25 of Law of Second Economic, Social and Cultural Development (i.e. areas outside of customs-covered areas of Iran) is legally allowed.

Procedure for Resolving Conflicts between Governmental Bodies and Authorities of Free Zones

Passed by Supreme Council of Free Trade-industrial Zones on 1997-02-06

In regard to ways of resolving conflicts between governmental entities and free zones authorities, the Secretariat of Supreme Council of Free Zones should address the problems initially. Later on and if necessary, decisions should be finally made by Supreme Council of Free Zones.

³³⁹ Refer to article 52 of Law of Customs Affairs (passed on 2011-11-13) and articles 89-94 of Executive Bylaw of Law of Customs Affairs (passed on 2013-02-24) that are available online at National System of Regulations of Islamic Republic of Iran (www.dotic.ir).

Method of Developing and Enforcing Cultural Articles of association of Free Zones Authorities

Passed by Supreme Council of Free Trade-industrial Zones on 1997-06-17

The cultural articles of association of Kish Free Zone was announced by President as lacking confirmation of Council. Every authority of free zones should coordinate the affairs with secretariat of Supreme Council and develop cultural articles of association of the zone.

Considering the fact that Kish Free Zone aims to develop business, industry and tourism, it is currently developing mid-term and long-term plans and enforcing development plans. Developing and enforcing socio-cultural plans along with industrial, commercial and tourism development are essential and inevitable.

In order to develop cultural activities, cultural articles of association of the zone is developed based on Islamic and revolutionary values and announced in the following manner.

Article. 1-Cultural Committee of Zone: Because culture is a subject that should be addressed carefully, for cultural planning and development, coordination between organizations that engage in cultural activities and surveillance of processes addressed in cultural councils, certain councils called “Cultural Council of Zone” was developed. The members of this council are persons in charge and cultural entities. In the council, cultural problems of the zone are identified and prioritized and existing problems are resolved through relevant executive entities.

The council acts as the sole entity in charge of study and research of cultural problems of the zone. It should communicate relevant cultural regulations to authorities and publish cultural activities.

Article. 2-Objectives of Cultural Council of Zone

The general objectives of Cultural Council of the zone are:

- Promoting cultural and moral principles of Islam
- Consistent review of cultural status of the zone
- Commenting on cultural suggestions of applicants
- Offering suggestions concerning Islamic-cultural activities and plans
- Commenting on cultural suggestions of applicants
- Surveillance of proper enforcement of approved regulations and operations
- Coordination and unification of procedures done in entities in charge of cultural affairs
- Evaluation of cultural performance
- Planning, making policies and development of regulations concerning cultural issues and making essential arrangements to promote good deeds and stop violations against Islamic rules

Article. 3-Duties of Cultural Council

Based on its general objectives and for enforcement of presumed obligations, the council should conduct proper measures and develop essential regulations concerning cultural and artistic affair. The measures and regulations are:

- 1- Executive regulations for tours and agencies
- 2- Procedure for using satellite, TV and video systems of communication in hotels and public places
- 3- Naming streets, squares, hospitals and places established by Authority of Free Zone and other governmental entities.
- 4- Physical and apparent regulations of booths in shows and general qualifications of booth owners and employees
- 5- Regulations of issuing and cancellation of licenses for conducting cultural activities
- 6- Regulations concerning physical and apparent characteristics and general qualifications of booth holders and employees
- 7- Cultural regulations concerning activity of hotels, restaurants, motels and residential and tourist centers
- 8- Methods of instructing travelers regarding proper clothes to wear and proper behavioral measures for social groups
- 9- Regulations concerning publishing books and journals in the zone or those which are imported from abroad
- 10- Adopting promotional policies such as placing notices on walls and beautification of facades, installation of advertisement panels for showing implicative messages and useful content
- 11- Instructing the way to use and monitor on affairs of Payam Radio
- 12- Instructing the methods for developing and broadcasting movies through CCTV and other telecommunication and computer networks that send messages, movies and sound
- 13- Promotion in international networks on Internet and satellite
- 14- Planning to let people use coast and sea for entertainment and/or sport
- 15- Regulations for healthy entertainment for male and female individuals
- 16- Instructing the way of holding ceremonies and Islamic, national and global events
- 17- Determining ways of offering loans and facilitative means for holding tours for martyrs' families and veterans' families in cooperation with relevant institutional entities
- 18- Determining regulations which authorities and drivers of public transportation network should satisfy while dealing with travelers
- 19- Determining forbidden products, control of importation and regulations of goods that travelers carry when arriving from abroad into the zone and developing lists of goods that are forbidden based on Sharia and cultural regulations

- 20- Way of using tools and technologies of behavioral training in airplanes, tours and public training and offer principles of proper conduct regarding Islamic deeds, discipline, public health, responsibility, participation in praying, proper ways of clothing, etc.
- 21- Determining regulations and method of selection
- A- Assigning ideal person in charge of booth
 - B- Determining model tour
 - C- Selecting ideal hotels and cafeterias
 - D- Model driver in public transportation network
 - E- Other unions with legal personality and involvement in the zone
 - F- Electing organizations that show the best performance in cultural, artistic and social problems
 - G- Electing real persons offering best activity in cultural, artistic and social areas
- 22- Proper cultural planning for adjusting social approach regarding Kish Free Zone:
- A- Publishing books about free zones, objectives, public regulations and social rules
 - B- Issuing journals and papers concerning public and social problems of the zone
 - C- Short stories on TV
 - D- Producing TV serials, movies or documentary
 - E- Announcing publication
 - F- Publishing novels
 - G- Interviews and dialogues on TV
 - H- Holding conference
 - I- other methods
- 23- Cultural planning to promote cultural approach of residents of free zones through
- A- Official training
 - B- Semi-official training
 - C- unofficial training
 - D- Local press or newspaper
 - E- Broadcasting organizations of the zone
 - F- Monthly meeting
 - G- Seasonal conference
 - H- Other methods
- 24- Planning for free time of children, adolescents, the youth and adults including:
- A- Holding scientific, cultural and artistic matches in three levels
 - B- Athletic planning and holding athletic matches in three levels
 - C- Holding training, scientific, cultural and artistic classrooms and courses in three levels

Article. 3-Members of Cultural Council of Zone

- 1- Managing director of Free Zones Authority (head of council)
- 2- Top Clerk of the zone
- 3- Cultural and Social Department of Authority (secretariat of council)
- 4- Director of Broadcasting Organization of the zone
- 5- Head of Educational Office
- 6- Head of Culture and Islamic Guidance Office
- 7- Heads of universities in the zone
- 8- Public relations director of Authority
- 9- Commander of police force
- 10- head of Physical Training Office³⁴⁰
- 11- Head of Tourism Institute of Authority
- 12- Director of Women's Affairs Department of Authority
- 13- Four cultural figures (2 males and 2 females) selected by managing directors of Authority

Note. 1-Secretariat of council should be formed in Social and Cultural Department of the Authority.

Note. 2-Conducting any type of cultural, artistic, and social activity or program by real or legal persons in the zone could be done after approval of Council and notification by head of the council. No entity (real or legal) could run its cultural plans and activities without receiving license from Council.

Note. 3-No real or legal person could prevent from holding cultural, artistic and social programs that have been authenticated and licensed by the council.

Addressing Importation of Reconstructed Second-hand Items from Free Trade-industrial Zones into Mainland

Approved by Coordination Council of Free and Special Economic Zones Affairs on 2009-05-08

With Further Amendments

1 (Amended on 2009-05-22): The business units involved in restoring second-hand objects that are located in free and special economic zones could conduct their restoring operations and fulfil

³⁴⁰Physical Training Organization and National Youth Organization were combined into Ministry of Sport and Youth.

their obligations. Their activity should be solely restricted to goods imported based on certain contract or financial obligations. Such activities are allowed in a period up 2010-03-09. The entity making decisions on this sorts of activities is Value-Added Committee and its regulations.

2-Authorities of Free Trade-industrial and Special Economic Zones are not authorized to issue license for importation of these products to their own zone.

3- Authorities of Free Trade-industrial and Special Economic Zones are not allowed to issue permit for establishment of new units for restoring second-hand goods.

Guidelines for Generating Development Plans of Free Zones Authorities based on Strategic and Developmental Policies of Zones Passed by Secretary of Coordination Council (on 2012-08-04)

Recipients

- | | |
|---|--|
| 1-Head of The board of directors and Managing director of Qeshm Free Zone | 7-Head of The board of directors and Managing director of Maku Free Zone Authority |
| 2- Head of The board of directors and Managing director of Kish Free Zone | 8- Department of Legal Management and Majlis Affairs |
| 3- Head of The board of directors and Managing director of Chabahar Free Zone | 9-Department of Coordination of Free and Special Economic Zones Affairs |
| 4- Head of The board of directors and Managing director of Anzali Free Zone | 10-Department of Legal Affairs Management |
| 5- Head of The board of directors and Managing director of Arvand Free Zone | 11- Department of Planning and Budget Management |
| 6- Head of The board of directors and Managing director of Aras Free Zone | |

List of Content:

- Objective
- Range of Use
- Definitions

Enforcement Profile

Responsibilities

Forming Internal Working Groups for Reviewing Development Projects of Authorities of Free Zones

Duties of Working Groups in Free Zones Authorities

General Cases

Procedures for Forming and Duties of Special Working Groups Involved in Review of Development Plans and Projects

Duties of Special Working Group of Development Projects in Secretariat of Council for Coordination of Zones Affairs

1-Objective

The aim of this guideline is to assure of proper enforcement of development projects by authorities of Free Trade-industrial and Special Economic Zones.

2-Range of Use

This guideline is solely applicable on authorities of Free Trade-industrial and Special Economic Zones.

3-Definitions

Development Project: Development project is a set of operations and services that technical, economic and social studies done by authorities of free zones show them to be enforceable during a certain period of time and on a certain budget for attaining pre-defined objectives. These projects are realized on a fixed budget and they are divided into 3 types of for-profit, non-profit and research-based projects.

A-For-profit Projects: These projects are finalized after a logical period of time. In addition to supplying current expenses and compensation of capital depreciation, they might offer some profit (depending on organizational policies).

B-Non-profit Projects: These projects are designed for realization of social welfare plans, infrastructure operations, construction of buildings and facilities for better conduction of duties that organizations undertake. These projects are not done to rip financial benefits.

C-Research-based Projects: A project concerned with certain issues that are done based on contract between authorities of fee zones and scientific research institutes.

Project: Projects include different types of activities that should be enforced for a definite period of time, cost and quality. Every plan might include multiple projects.

4- Enforcement Profile

4.1-Financing development projects could be done through different rows of capital cost (i.e. 1-internal funds, 2-general budget of state, 3-loans 4-receiving capital and other resources) if relevant regulations are satisfied.

4.2-Based on relevant regulations, authorities should offer development projects and plans premised on comprehensive plan of the zone as well as suggested budgets for them to Secretariat of Coordination Council of Free Zones Affair so that proper budgets and projects could be defined and approved.

A-Half-finished and Under-construction Projects and Plans

B-Projects and Plans for Developing Infrastructure

C-Projects that lead to production of more goods, offering more services and higher employment. In terms of physical progress, these projects end at nominated year during which budget has been allocated.

Note-Prioritization of projects for ownership of capital assets should be done based on significance, effectiveness and date of finishing projects so that at least 20 percent of the project is done per annum and based on allocated project.

4.3-In the case of addition of new project to projects suggested in previous years, the following items should be done:

Reasons for justification of project including technical, economic and environmental reasons

These projects and plan should not delay the period of completing previous projects. In order to increase efficiency and reduce total cost of projects, it is essential to review feasibility and ranking of projects carefully. If the suggested project is in implementation or completion stage while it suffers certain problems, authorities should contract consultants and contractors in a way that authorities do not undergo additional costs because of ignorance or misdeeds of contractors or consultants.

Note. 1-All authorities should satisfy general terms of contracting and relevant regulations for finalizing contracts and monitoring proper enforcement of contract and development projects.

Note. 2-Peripheral costs of new projects in a plan (such as locating, feasibility analysis, mapping, etc.) will not be undertaken if they are imposed after approval of the plan.

Note. 3-Initiation or completion of each new plan or project is dependent upon its proper review. Subject and ceiling of credit for suggested plan or project of authorities of free zones determine type and range of that plan or project.

5.4-Paying for costs of development project is conditional upon offering performance report and inhibition of using development projects for current costs

Paying for costs of development projects should be done based on approved annual budget and reception of physical progress report.

Credits of development plans should be solely used for enforcement of approved plan. Deviation of project implementation costs from approved annual budget and relevant approval letters is not supported by secretariat. The authorities should satisfy relevant regulations as well as interests of themselves in such plans.

Suggestion of new development plans is solely allowed based on predicted revenues and conditional upon the fact that at least 25 percent of executive operations of the plan could be done during first year of budget approval. In addition, priority and subject of plans should be considered too.

At the time of distributing credits for development projects, authorities should act in a way that inhibits from lengthening enforcement of projects and plans compared with the date included in initial agreement.

4.6-Authorities of free zones should determine status of credits allocated to development plants based on the following conditions. In addition, they should plan for addressing those projects and plants related with infrastructure. Desirable measures for addressing such plans or projects should be offered to Secretariat of Coordination Council of Free Zones Affairs before suggesting the budget for next year.

1- Plans that state before Fourth Plan of Development and have not finished yet.

2-Project the completion of which has not ended for three consequent years.

3-Projects that have ended unfinished for any reason.

5-Responsibilities

The responsibility for approval of development plans and projects should be undertaken by top authority of the zone.

The responsibility for definition of development plans and projects should be undertaken by working groups of free zones.

Responsibility of final review and approval of development projects and plans should be undertaken by working group of development projects in Secretariat of Coordination Council of Free Zones.

Responsibility of revising present guideline is assigned to Department of Planning and Budget Management of Secretariat.

Forming Internal Working Groups for Reviewing Development Projects of Authorities of Free Zones

For initial approval of development projects, authorities of free zones should form a working group made up of members introduced by managing director of Authority. The result should be forwarded at least 1 week before holding meeting of specialized working group for development plans of free zones to Department of Planning and Budget Management in Secretariat of Coordination Council of Free Trade-industrial and Special Economic Zones.

Note. Representatives of Technical and Development Department and Department of Planning and Budget Management of the zone are fixed members of above-mentioned working group.

7-Duties of Working Groups in Free Zones Authorities

1-Definition of plans and projects of the Authority based on articles of section 4 of this guideline.

Note. 1-Those zones which lack approved comprehensive strategic plan should develop and suggest their development plan based on policies of the board of directors and approval in specialized working group of development and under surveillance of Secretariat of Coordination Council. It should be noted that offering minutes of meetings of the board of directors should be forwarded as annex to suggested budget.

Note. 2-The cost of enforcement should be calculated based on table of fees and upstream costs of implementing the plan.

2-If necessary, authorities should revise and modify plans at hand or plans under consideration.

3-Completion of complete report of present condition of development plans (suspended, being done and new) of the authority in a way that value-based and physical progress of plan/project could be clarified. In addition, association of that plan/project with strategic plan of Authority

should be detailed and resulting report should be forwarded to Specialized Working Group of Development Plans. During description of the report, technical, economic and environmental justifications for approving new projects should be offered to Research Council.

4-Identification and evaluation of suggested plans for current year by emphasis on comprehensive plans and developmental policies of the zone.

5-Excluding new plans that cannot be integrated with other plans and projects.

6-Reducing the project to the level of intermediate transactions by authorities is strictly forbidden.

7-Determining duration, location and source of financing a plan

8-Analysis of annual development budget of the zone before forwarding it to secretariat of coordination council

9-Forwarding suggested budget of the authority by prioritization of each plan/project compared with other projects and plans of the authority

8-General Cases

1-Based on policies of Coordination Council of Free and Special Economic Zones concerning financing of development plans in free zones, authorities should determine priorities and requirements of their Authority as development operation up to tip revenues of the zone and existing regulations and refrain from dependence on probable future funds included in amendments.

2-All recipients of row 942000 should forward a copy of the report along with record of expenses of funds received from public budget of the state and relevant agreement to Secretariat of Coordination Council of Zones Affairs.

9-Procedures for Forming and Duties of Special Working Groups Involved in Review of Development Plans and Project

The working group is formed to analyze and approve development plans of free zones authorities and it is composed of following members who are selected by Secretariat of Coordination Council of Free and Special Economic Zones.

Vice President of Department of Coordination of Zones Affairs or his/her Representative (as head of group)

Managing director of Free Zones Authority or his/her Representative (based on invitation of Secretariat)

A member of Specialized Working Group of Coordination Council (based on invitation of Secretariat)

Vice President of Development Department in relevant Free Zone Authority or his/her Representative

Manager of Planning and Budget Department of relevant Free Zones Authority

Manager of Planning and Budget Department of Secretariat of Free Zones Affairs

Note. Sessions of reviewing suggested budget for development plans of free zones authorities should be held by relevant specialized working group and based on conditions of the zone in a distinct and thorough manner.

10-Duties of Special Working Group of Development Projects in Secretariat of Council for Coordination of Zones Affairs

Review of reports forwarded by internal working groups of authorities for approving top-priority development projects by emphasis on comprehensive strategic plans of authorities

Field-based reviews during different periods of time to verify proper enforcement of approved regulations and value-based and physical progress of plans and projects and matching them with reports forwarded by relevant authority.

Review and matching development plans with pre-determined budget and agreements

This guideline was approved by secretary of Coordination Council on 2012-08-04 to facilitate enforcement of paragraph 24 in approval letter of 2012 Budget of Free Zones Authorities. The guideline was developed in 10 articles and 8 notes.

**Executive Guideline for Assistance of Adjacent Regions by
Authorities of Free Trade-industrial Zones (Row 402000)**

Approved by Secretary of Coordination Council on 2012-08-04

Recipients

- | | |
|---|--|
| 1-Head of The board of directors and Managing director of Qeshm Free Zone | 7-Head of The board of directors and Managing director of Maku Free Zone Authority |
| 2- Head of The board of directors and Managing director of Kish Free Zone | 8- Department of Legal Management and Majlis Affairs |
| 3- Head of The board of directors and Managing director of Chabahar Free Zone | 9-Department of Coordination of Free and Special Economic Zones Affairs |
| 4- Head of The board of directors and Managing director of Anzali Free Zone | 10-Department of Legal Affairs Management |
| 5- Head of The board of directors and Managing director of Arvand Free Zone | 11-Department of Planning and Budget Management |
| 6- Head of The board of directors and Managing director of Aras Free Zone | |

List of Content:

- Objective
- Range of Use
- Enforcement Profile
- Responsibilities

2-Range of Use

This guideline is solely applicable on authorities of Free Trade-industrial and Special Economic Zones.

3- Enforcement Profile

3.1-Based on article. 2 of Law of Free Trade-industrial and Special Economic Zones, free zone authorities should be solely expended based on annual budget approved by Board of Ministers (i.e. Coordination Council of Free Trade-industrial and Special Economic Zones) and Authority's contributions to development of other regions (adjacent regions are prioritized) should be solely approved by Cabinet (i.e. Coordination Council of Free Trade-industrial and

Special Economic Zones). Any case of unauthorized contribution will be interpreted as a case of illegal confiscation of public property.

3.2-Qeshm Free Zone: The zone covers the area around Qeshm Town and Persian Gulf Bridge on the mainland and some other towns, regions and districts of Hormozgan Province

3.3-Kish Free Zone: The zone includes Charak Port, Aftan Port and other towns, regions and districts of Hormozgan Province

3.4-Chabahar Free Zone: The zone includes the area around Chabahar and Charak

3.5-Aras Free Zone: Areas around Jolfa and Khoda-Afarin towns

3.6-Anzali Free Zone: Areas around Rasht and Bandar Anzali towns

3.7-Based on article 2 of Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran, Arvand Free Zone could enforce approval letter no. 43947/221661 passed by government cabinet on 2010-01-31.

4-Responsibilities

4.1-Free zones authorities should form “Working Group of Expending Contribution Budget” to expend the assigned budget for helping adjacent regions. The group is headed by one of the deputy presidents assigned by managing director of each authority. The members are:

- Deputy President of Department of Socio-cultural Affairs
- Deputy President of Department of Technical and Development Affairs
- Deputy President of Free Zones Authority concerned with contribution affairs
- Manager of Department of Planning and Budget of Free Zones
- Manager of Auditing Affairs Department of Free Zone
- Performance Evaluation Manager
- An Expert Selected by Managing director

4.2-Duties and Authorities of Working Group

- Developing and offering policies of contribution to adjacent areas (addressed in this guideline)
- Identification, evaluation and selection of plan based on level of deprivation, quality and quantity of existing services and prioritized requirements in adjacent areas of each zone

-Approval of plans and developing plan budget and guidelines for proceeding

-If necessary, verifying technical qualifications of contractor and/or offering services to facilitate enforcement of assigned tasks and receiving contract from contribution-recipient entity

Note. Determining technical qualifications of contract should be done by contribution-recipient entity.

-Estimation of contribution budget and ways of funding based on geographical location of budget

-Developing framework of required agreement letters with help of contribution-recipient entity

Note.1-Suggestion of working groups will be enforceable by majority vote and approval of managing director of relevant authority

Note. 2-The fund required for enforcing each project or plan (i.e. development, health, treatment, education, etc.) should be estimated by relevant working group and after approval of managing director, the document should be forwarded to relevant departments.

5-Authorities of free zones should, based on approved budget, received revenues and existing regulation, supply funds for enforcement of essential plans and projects in adjacent areas that are legible to receive funds for that year. Payment obligations for next years is dependent on approval of annual budgets and receiving new approval letters in next years.

Note. 1-Enforcement of approval letter between Authority of Free Zone and the entity exploiting development project. This should be coordinated with Secretariat of Coordination Council of Free Zones.

Note. 2-Based on relevant regulations, all authorities of free trade-industrial zones should expend the assigned budget of this law for development of adjacent deprived regions and construction of infrastructure (road, water and gas line and other development operations) and helping in development of health, treatment, training and social services

6-All free zones authorities should receive the budget for development of adjacent areas and offering social budgets in the following manner.

6.1-Deputy President of Department of Technical and Development Affairs are responsible for surveillance of enforcement and reception of contributions of development projects.

6.2-Deputy President of Sociocultural Department concerned with contribution affairs is in charge of monitoring enforcement of plans and receiving contribution funds for improving social, educational, health and therapeutic services.

7-top limit of this row of annual budget will be determined based on extent of deprivation of adjacent areas, realization of revenues of Authority (as much as top limit of credits determined in row 40200) and after financing prioritized development projects.

8-Free zones authorities should forward value-based and physical progress reports of development plans as well as reports of executive achievement of the plan in social, educational, health and treatment aspects to Secretariat of Coordination Council of Free Zones Affairs.

9-Authorities of free zones could, if required and approved by managing director, install project information board at site of plan or project being implements through contribution of the authority.

This guideline was approved by secretary of Coordination Council on 2012-08-04 to facilitate enforcement of paragraph 14 in approval letter of 2012 Budget of Free Zones Authorities. The guideline was developed in 9 articles and 5 notes.

Guideline for Article 21 of Financial and Transactional Bylaw of Authorities of Free Trade-industrial Zones on “Reception and Expenditure of Donations and Contributions”

Approved by Secretary of Coordination Council on 2013-11-30

Article. 1-Authorities of free zones should open a distinct account in one of the banks located in the zone for receiving cash contributions (donations and contributions) and deposit the received contributions to the account.

Article. 2-In cases in which contributor designates other uses for his/her/its cash and non-cash contributions, managing director should notify financial and budget managers as well as relevant departments about this issue.

Article. 3-Making decisions concerning ways of expending contributions with unknown uses should be done by members of the board of directors and based on relevant regulations. The vote should be enforced.

Article. 4-Tangible and intangible properties received as donation and contributions by Authority should be recorded by financial manager of the authority based on existing regulations.

Article. 5-The cash and non-cash contributions should be used for realization of objectives of free zones.

Article. 6-The board of directors should develop 6-month report of activities done. The report should be approved by legal inspector. The report and documents of implementation of budget items should be forwarded to Secretariat of Coordination Council of Free Zones.

Guidelines for Assignment of Revolving Fund based on Article 9 of Financial and Transactional Bylaw of Free Trade-industrial Zones Authorities

Approved by Secretary of Coordination Council on 2013-11-30

Introduction

Payments of free zone authorities should be done via banking channels. However, payment of essential or quick costs should be done based on this guideline and through revolving cash revolving funds assigned for such uses.

Definitions and Terms Associated with Revolving Fund:

Article. 1-Payment Revolving Fund: Refers to a fixed or variable cash deposited in a bank or institute which is proportionally allocated to authorized persons and/or entities of the authority based on frequency of payment. The sums should be paid in due time and changes in allocated fund should be recorded.

Article. 2-Amount of Revolving Fund: The amount of revolving funds should be determined based on requirements of each unit for a definite period of time, report of operations of previous year and level of transactions during present year.

Article. 3- Revolving Funds Administrators

1.3- Revolving Funds Administrator: This refers to qualified people or purchasing agents working in different units or projects that are allowed to receive revolving fund. These officers are suggested by financial manager and approved by managing director or his/her representative.

3.2- Revolving Funds Recipient: An organizational unit that managing director and head of the board of directors recognize its logistic requirements and deposit revolving funds to its account.

Types of Revolving Funds

Article. 5-Fixed Revolving Funds: A type of revolving fund that fixed in amount and assigned to logic units, suppliers and purchasing agents. In the case of offering record of previous record, the same amount will be charged after confirmation of financial manager.

Article. 6-Variable Revolving Funds: A type of revolving fund supplied without requirement of payment statement and based on request of logistic units, purchasing units and suppliers, confirmation of financial manager and final approval of board of directors.

Regulations of Expenditure from Revolving Funds

Article. 7-For forwarding summarized report of revolving funds, satisfaction of principles for internal control of accounts is necessary.

7.1-All documents and papers of payment should be issued under title of Free Zone Authority.

7.2-Any request for purchase of products or services should be registered in specific form for purchasing products and services and confirmed by authorized officer in charge.

7.3-All payment documents and papers should include name of seller, his stamp, address and telephone.

7.4-All documents and papers forwarded should be stamped by logistic officers. The lowest price of purchase should be written.

7.5-If all of the amounts detailed in forwarded documents are wholly paid to seller, reception of fund should be confirmed by seller.

7.6-In order to facilitate analysis of registered documents, persons in charge of revolving fund should note amount, name of the unit or project in relevant documents.

7.7-In the case of purchase or maintenance of assets of free zone authorities, persons in charge of revolving fund should note location and specification of recipient in approved forms, annex them to payment documents and deliver them to financial department.

7.8-In the case of need for developing minute for on-field operations, original copy of it should be annexed to report of revolving fund. A copy of documents should be kept by revolving fund administrator.

7.9-In the case of receiving guarantee documents from contractual parties, the event should be communicated to financial departments. All relevant financial documents should be forwarded to associated authority of free zone.

7.10-In the case of finalizing payments of services, rent and other items from revolving fund account, the administrators should transfer necessary funds after deducting legally approved fees.

7.11-Revolving funds are trusted funds which should be expended for predicted cases. Using such funds for loans or contributions is forbidden.

7.12-In cases in which funds are paid for purchase of products, purchase order and purchase receipt should be annexed to storehouse receipt. If there are costs for receiving services, confirmation of recipient unit should be noted on main receipt.

Method of Repaying for Costs and Financial Measures

Article. 8-Opening revolving fund account in a bank is conditional on approval of managing director and head of board of directors. Taking fund out of this account should be approved by signatures of logistic officer and financial manager.

8.1-Financial department should review expenditure items, distinguish them into cost items (in the form of revolving fund report), and repay them if relevant regulations and bylaws are satisfied.

8.2-If necessary, each unit (addressed in article. 2) of the authority could have one revolving fund. Removal or modification of revolving fund should be suggested by financial manager and approved by managing director of relevant free zone authority.

8.3-Articles of this guideline should be enforced for foreign-currency revolving fund too.

8.4-Financial manager should review activities of revolving fund administrators once every six months and file a report on quality and costs paid out of revolving fund as well as performance of administrators.

Article. 9-Responsibility of proper enforcement of this guideline is undertaken by managing director and financial manager of the entity.

This guideline was developed in 9 articles and it should be enforced since date of enforcement.

Executive Guideline for Bylaw of Exploitation of Land and Natural Resources in Free Trade-industrial Zone as Addressed in Note. 4 of Article 52 of Financial and Transactional Bylaw of Free Zones Authorities³⁴¹

³⁴¹ Refer to Financial and Transactional Bylaw of Authorities of Free Trade-industrial Zones (passed on 2013-02-07) approved by member ministers of Coordination Council of Free Trade-industrial and Special Economic Zones with further amendment which is included in this collection too.

Passed by Secretary of Supreme Council on 2014-12-09

Part 1-Objectives and Definitions

Article. 1-Objectives

The present guideline was developed for realizing the following objectives:

- Organization of process of assigning lands to investment applicants
- Protection of public treasury and legally endowed rights of investors including purchaser, renter and partners as well as attracting trust and confidence of such persons
- Clarification of decision-making processes and frameworks in land assignment process
- Prevention from corruption and illogical exploitation of benefits predicted for investors and entrepreneurs

Article. 2-Definitions

In this guideline, the following abbreviated terms are used:

2.1-Authority: Authority in each Free Trade Zone

2.2-Zone: Free Trade-industrial Zone

2.3-Board of directors: The board of directors of authorities of free trade-industrial zone that are elected based on Law on Administration of Free Trade-industrial Zone and relevant articles of association(s). The board acts as top decision-making entity for enforcement of this guideline.

2.4-Managing director: The managing director of each zone selected based on Law on Administration of Free Trade-industrial Zone and acts as top executive officer of each zone.

2.5-Seller (Land Assigner): Authority of relevant free zone the representatives of which have legal position to sign assignment contracts.

2.6-Land Applicant: Real or legal persons authorized to conduct economic activities, construct facilities and conduct business based on the license they have received from authority but they require land to conduct such affairs.

2.7- Comprehensive Plan: A long-term plan regarding exploitation of lands based on regional and district plans which has been approved by Supreme Council of Free and Special Economic Zone.

In this plan, zoning of residential, cultural, educational, industrial, commercial, administrative, and agricultural areas, equipment and public facilities of zones, reconstruction, optimization and

prioritization of items and regulations concerning maintenance of buildings, facades and natural scenes.

2.8-Owner: Based on article. 22 of Law on Deeds and Properties Registration (passed on 1932-01-17), owner is a person whose name or transaction has been recorded in properties record of Deeds and Properties Registration Office. In other case, owner is inheritor of original owner.

2.9-Expert Price: Value of lands which is determined based on current transactional value suggested by evaluation committee.

2.10-Assignment Contract: A contract that authority is a party of. In the document, assignment of the land or its benefits to another party is done based on a definite use and legal regulations. The other party may offer financial and non-financial guarantees. The contracts signed between authority of each zone and applicants will be regarded as official document.

2.11-Trilateral Contract: A contract between three organizational figures of the zone as first party, financial supplier or financial entities as second party and investor as third party. The contract revolves around getting loans from other participating banks.

2.12-Right of Exploitation: Right of exploiting (for lands owned by authorities the ownership documents of which have been transferred by state to authority) refers to right of using land and infrastructure for a definite time, without transferring ownership title and in exchange for paying exploitation costs or interest of other involved parties by legal or real persons (as exploiting party). The right to be assigned is suggested by Evaluation Committee and approval of the board of directors of the authority.

2.13-Rent: Rent refers to right of using land and infrastructure means for a definite time and definite use but without receiving ownership title. Right to rent is awarded in exchange for the rent that real and legal persons (as a party to the contract) should pay. The exact amount is suggested by Evaluation Committee and approval of the board of directors of Authority.

Section. 2-Pricing

Article. 3-Price of Land

3.1-Value of Each Square Meter of Land is determined by considering economic and use-related condition, cost of preparation (i.e. developing infrastructure, leveling lands, developing streets and drainage) which is determined based on financial statement. These types of costs and other factors affecting price of land is determined by experts of Evaluation Committee.

3.2-Land Evaluation Committee: A committee made up of 5 qualified persons which is formed for evaluation and pricing of land, building and facilities. Three members of the committee are

selected by permanently recruited employees of authority (1 employee from Department of Economy and Investment acting as head of committee plus two other member employees) and two trustees (preferably an official expert) that are suggested by managing director and approved by board of directors.

3.3.-Pricing Method: Pricing through review of documents and evidence such as total price, current value of assets and building and other influential factors. The required document should be offered at least 1 week before holding meeting of committee. In pricing session, ideas of experts expressed based on technical measures are received and registered in a special form. In the same session, the pockets containing these technical and expert ideas are opened. The prices should be offered by no less than four members. The average is regarded as final price and the minute of the meeting should be signed by present members.

Secretary of the committee should maintain documents and minutes of the committee.

3.4-Annual basic price for renting or receiving right of exploiting land and infrastructure should be calculated by considering every possible aspect including increase in following items and interests of the zone annually and it should be notified once every year.

A- Increase in coefficient of last list of building prices

B-Inflation rate of previous year as notified by Central Bank

C-Mean increase in price of similar lands in the zone

D-Mean of above factors

Note. 1-Determining annual price should not lead to recession in application for renting lands. If number of rent application forms increase and if ratio of rent to purchase application reduces in first months of the year, authority is authorized to modify or adjust renting fees for new rental contracts unless sales rate matches predicted sales (as determined in annual budget).

Note. 2-In cases in which signing rental contract is not possible, contract could be developed based on exploitation rights.

5.3-Considering the fact that authorities are authorized to sell lands in accordance with annual budget, the sales prices could be revised once every year for maintaining stability of the market.

3.6-Sale prices should not be less than total price of lands. Reduction of sale price could be evaluated at most once every year.

3.7-After pricing, the contract for lands could be given to Sale Unit for a definite period of time and based on definite methods.

3.8-Sale units of authorities are not allowed to sale a land to a higher or lower price than the ones noted on relevant contracts. The applications and contracts should be proceeded based on specifications of land and priorities of development of the zone.

Section. 3-Methods of Assigning Lands

Article. 4-Assigning Lands

4.1-Authority of the zone should annually determine new prices before April 21st and notify the results to applicants and secretariat of the council.

4.2-Assignment of lands for development projects of the zone should be done through public notification and determination of basic price by Evaluation Committee. The lands should be assigned to the applicant who offers highest price. For investment projects suggested by real and legal persons, authority should assign land based on comprehensive plan, approval of the board of directors and satisfaction of articles in this guideline.

4.3-The amounts of fund for compensating assignment of exploitation right should be definite and absolute. Any provisional charge for assigning exploitation rights is forbidden.

4.4-In order to help the board of directors decide on assignment of land and signing relevant contracts, the following documents should be offered:

A- Application for receiving land

B-Offering executive program including general principles of enforcement, plan for secure financing and schedule of enforcement

C-Offering proper technical justification for required land based on suggested plan

D-License of activity

E-Articles of association, ad of latest changes up to last three years (if available) and turnover for legal persons or legal shareholders of newly established company and documents for identification and verification of identify of real persons

F-Offering documents that prove financial ability of applicant and his/her/its expertise for finishing the project.

Article. 5-Lands for Assignment

5.1-The area of construction of assigned lands, density and use will be determined based on approved plans of land use maps and comprehensive development project of the zone.

5.2-The criterion for assignment of lands is division of lands within comprehensive plan and construction regulations for each use of the land.

5.3-Use of Assigned Lands:

- Industrial Lands

-Business Lands

-Residential Lands

-Administrative and Service Lands

-Tourism and Entertainment Lands

-Health and Treatment Lands

-Educational, Cultural and Sports Lands

-Agricultural Lands

-Special or Multi-aspect Uses based on Comprehensive Plan of Zones

4.5-Methods and Types of Land Assignment

A- Finalized sale of land based on conditions of enforcement and completion

B-Assigning exploitation right

C-Rent (for lands owned by organization)

D-Hire-purchase

E-Partnership

F-Built, operate and transfer (BOT)

Article. 6-Types of Contract

6.1- Finalized sale of land based on conditions of enforcement and completion

The contract is an introduction to finalized sale. In this case, final transfer of ownership to applicant is done after all obligations of applicant were fulfilled. This contract is developed by determining value of contract, type of executive project and deadline for execution in a conditional manner. The conditions detailed in these types of contracts are registered in text of the contract. Signing the contract by applicant is followed by assigning the land. The measures to conduct are as detailed in the following table.

Condition Rank	Condition of Land	Measure of Authority
A	Construction operations have started and ended before deadline. It is currently being exploited on temporary basis.	After settlement of accounts and complete fulfilment of obligations in the contract, final transfer of land could be done.
B	Executive operations started but did not finish before the deadline. Project is facing delays but it is being proceed. However, there is less than 25 percent time left of the contract.	Based on comment of the board of directors and article 3 of present guideline, license for operation could be extended or cancelled.
C	Construction operations have started but the contract has been suspended due to evidence offered and confirmed by the board of directors of the authority.	By review of evidence, period of delay is added to previously noted period of contract if general direct suggests the measure, the board of directors approves and article 3 of present guideline permits it.
D	Construction operations have started but inevitable natural phenomena have suspended fulfillment of the contract.	Based on offered evidence, the delay is added to previously noted period of contract if general direct suggests the measure, the board of directors approves.
E	Construction operations have started and despite of physical progress, the project/plan	A warning notice should be issued. Based on article 3 of

has stopped due to misdeed of exploiting party, his/her/its insolvency or deliberate will.

present guideline, the previous construction could be extended for another 3 to 6 months. If constructional activities do not start again, relevant authority could cancel the contract without requiring to receive agreement of other party of the contract. The alternate party of the contract should pay for previously done construction operations. Alternatively, sale of tendered property or sale to alternate investor should be done to pay for capital invested by previous party of the contract.

F Construction operations have not started and deadline for start of operation (based on timetables of contract document) has passed.

A warning notice should be issued. Previous construction could be extended for another 3 months. If constructional activities do not start again, relevant authority could cancel the contract unilaterally and without requiring to receive agreement of other party of the contract.

Note. 3-In the case that the board of directors decides to extend construction license and determine a deadline based on scenarios defined in above table, authority should determine the fines for extension of the license after approval of board of directors. The fees should be equal

with maximum permissible fee for executive guideline of Bylaw of Charging Fees and up to double of fees for reissuing original permit. 342

6.1.1-In such contracts, buyer can assign his rights and obligation to another party if he/she/it has received written approval letter from authority. Otherwise, contract should be canceled and relevant authority should be compensates for losses the exact amounts of which should be defined by associated official experts.

6.1.2-After developing land division document, relevant authority could refer the new legible owners to associated entities so that they could receive ownership documents.

Note. 4-Any case of assignment of land to Authority's employees or employees of other executive bodies should be done based on procedural letter composed and offered by relevant secretariat.

6.2-Right of Exploitation

6.2.1-Contract for exploitation of a land with definite use or determining exploitation rights should be finalized by Land Evaluation Committee. The deadlines for paying for installments and annual increase of total amount of installments as well as arrangements between authority and investor should be dealt with by the committee.

6.2.2-Right of exploitation could be extended once every year in accordance to current value of the land.

6.2.3-Applicants desiring to exploit the lands are prioritized over buyers (the upper limits in annual budget should be satisfied).

6.2.4-Authority could allocate lands with cultural, athletic and health uses under exploitation contracts that are valid for next 99 years. Authority or other party of the contract is not authorized to change use of these lands during contract. Any change in use of lands will lead to cancellation of contract by relevant authority.

6.3-Contract for Renting Land and Properties

6.3.1-Contract for renting a land with specific use could be signed after renting fee determined by Land Evaluation Committee were announced. The contract should be annual and in it deadlines for paying installments should be determined. Any case of extension or contract should be highlighted.

³⁴² Refer to guideline and executive method of Bylaw of Charging Fees in Free Trade-industrial Zones passed on 1994-10-01 which is included in this collection too.

6.3.2-The rental fee for the land should be modified every five years based on current value of the land.

6.3.3-The renting party that qualifies for purchasing the same land could apply for purchase of the land or property during rental contract. If application is approved, Authority could sell the land or property to buyer to current price of it.

6.3.4-If a notice is released by Authority regarding sale of previously contract land or property, renter is prioritized over other potential buyers if his/her/its suggestion is top price suggested for the land or property.

6.3.5-Those who apply for renting a land or property are prioritized over those who apply for purchase of land or party (in this case, upper limits noted in annual budgets should be considered”.

6.3.6-Authority could lease lands with cultural, sports or health uses under 99-year contracts. During this period of time, Authority cannot change the use of these lands. Any change in use of lands will lead to cancellation of contract by relevant authority.

6.3.7-For implementation of development projects of active industrial units located in the zone, applicants could request additional lands to rent if their development projects require more areas of land.

6.4-Rent-Purchase Contract:

The contract will be valid for a definite period of time and value of contract should be defined in a way that price determined by Land Evaluation Committee includes inflation rate announced by Central Bank (i.e. price noted in the contract should match value of the land or property at date when contract expires). If any difference between these two values are found, value of contract will be adjusted according to current value of the land.

Prepayments for this type of contracts is 20 percent of their total nominal values.

6.5- Partnership Contract

The current use and value of the land as well as fees charged for development of intended project or plan will be determined based on guidelines for charging fees that have been passed by Supreme Council of Free Zones. These items are denoted in the contract as Authority’s capital investment in the contract. Estimated costs of construction, will be determined based on estimated current price for assigning the land. These estimated cost will be recognized as investor’s capital. The percentages of partnership will be nominated based on estimated costs.

Satisfaction of top limit for authority's participation in investment, based on current regulations, is essential.

6.6-Build, Operate and Transfer Contracts

The land for developing intended project is assigned to investor so that project could be completed before deadline. For agreed-upon period of time (noted in the contract), benefits of the operating the project will be recognized as compensation for capital and interest of investment. When contract expires, investor should transfer the land and constructed properties to authority.

Article. 7-If contract is required to be registered in Authorized Registration Offices, guarantees for fulfillment of contractual obligations (i.e. insurance, banking guarantee, etc.) should be awarded to Authority and these guarantees should be registered in contracts signed in registration offices.

Article. 8-If investor intends to receive loan from banks or credit institutes based on article 14 of Bylaw on Exploitation of Land and Natural Resources of Free Trade-industrial Zones³⁴³, this issue should be noted in a trilateral contract. If applicant commits violations and does not satisfy articles of the trilateral contract, bank or credit institute or creditor should ask for recognition as alternate party of the contract. The relevant authority could transfer all rights and obligations of contract for assignment of land to bank, credit institute or creditor so to preserve its interests.

Article. 9-Pre-payment and Installments

If determining installments for charging total price of contract is needed, at least 20 percent of total value of contract should be prepaid. The values of consequent installments should be determined based on inflation rate and period of paying installments should not exceed 60 months. Transfer of ownership title will be done after paying the last installment and settling other imposed costs. In such contracts, it should be noted that in the case of delaying payment for next three months, the board of directors could cancel the contract. If payment of installments is delayed for six months, the board of directors should cancel the contract. In the case of cancellation, useful costs undertaken by first party of the contract should be covered by sale of the property to alternate investor.

Article. 10-Illegal Construction

³⁴³ Refer to Bylaw of Exploitation of Lands and Natural Resources of Free Trade-industrial Zones of Islamic Republic of Iran passed by member ministers of Supreme Council of Free Trade-industrial Zones which is included in this collection.

If illegal construction by owner(s) leads to destruction or confiscation of common lands or construction project does not match use of the land, violator should correct current condition or compensate for the losses based on authority's experts. In any case, violation of legal licenses should be corrected and illegal constructed buildings should be destroyed. The relevant entities should not admit such violations by charging fines.

Article. 11-Transfer of subject of contract to other persons is permissible if relevant regulations including article 12 of Bylaw of Exploitation of Lands and Natural Resources of Free Zones approve it and the board of directors of Authority passes it.

Article. 12-Authority of each zone should conduct measures for communication of following cases in its online website:

Zoning and use of lands of the zone, developing maps and determining condition of assigned lands (transferred, rented or exploited).

Price of sale determined by Land Evaluation Committee for lands and properties. The price is determined based on specifications of lands and properties and for a definite period of time.

Terms of selling lands and properties

Copy of all pages of contracts signed for different types of assignments (name of buyer, price and way of payment)

Article. 13-Since date of communication of this guideline, other contrasting guidelines previously enforced by board of directorss of other authorities should be cancelled.

Article. 14-This guideline includes 14 articles and 4 notes which was approved by 2014-12-09.

Approval Letters of Supreme Insurance Council



From Bylaw No. 40 of Laws of Establishment of Non-governmental Insurance Institutes

Passed on 2002-01-21

J (Amended on 2005-05-03): Admission of reinsurance contracts issued abroad is solely permitted for relevant reinsurance institutes. Direct insurance institutes could accept reinsurance contracts of other direct insurance institutes located in Iran (located in Iran, abroad or registered in free zones) if they have minimum capital for involvement in the field of reinsurance and if they could satisfy requirements and regulations issued by Central Insurance of Iran.

Bylaw No. 45 on Guideline for Legal Reserves and Deposits of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran

Passed on 2003-05-20

To enforce article 13 of Law on Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed by Board of Ministers³⁴⁴), Supreme Insurance Council held a meeting on 2003-05-20 in which representative of secretary of Supreme Council of Free Zones was present and guidelines concerning legal reserves and deposits of insurance institutes registered in free zones were approved in the following manner:

Article. 1-Insurance entities addressed by this bylaw should have the following legal reserves and deposits (registered under debt column of balance sheet) so as to reinforce their capital and financial positions:

A-Reserves

Reserve for covering depreciation of fixed assets

Reserve for covering bad debt, compensation of probable decrease of value of other assets and covering probable costs

B-Deposits

Legal deposits

Capital deposits

Article. 2-Depreciation reserve of fixed assets will be determined based on Law of Direct Taxes.

Article. 3- Reserve for covering bad debt, compensation of probable decrease of value of other assets will be defined based on existing information.

³⁴⁴ Regulations included in Law of Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed on 2000-08-23 by Board of Ministers).

Article. 4-Legal deposits, as addressed in article 140 of Amendment to Business Law³⁴⁵, is about 5 percent of special profit.

Article. 5-Insurance institutes located in free trade-industrial zones should deposit 5 percent of special profit in their capital deposit until legal deposit addressed in article 4 is equal with 10 percent of total capital. Then, 10 percent of special profit should be deposited into the reserve until capital deposit is equal with 100 percent of main capital.

Note.1- If additional capital is added to the main capital, deductions should be proceeded based on articles 4 and 5 detailed above.

Note. 2-Insurance institutes that have higher percentages in their articles of associations for their legal and capital deposits should proceed deductions accordingly.

Bylaw No. 46 of Guideline of Technical Reserves of Insurance Institutes Located in Free Trade-industrial Zones of Islamic Republic of Iran Passed on 2003-05-20

To enforce article 13 of Law on Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed by Board of Ministers³⁴⁶), Supreme Insurance Council held a meeting on 2003-05-20 in which representative of secretary of Supreme Council of Free Zones was present and guidelines concerning technical reserves and deposits of insurance institutes registered in free zones were approved in the following manner:

Chapter. 1-General Principles

³⁴⁵ Refer to Amendment to Business Law passed on 1969-03-15):

Article. 140-The board of directors should annually allocate one twentieth of net profit of company to legal deposit account. When legal deposits becomes one-tenth of capital of the company, it should be notified. From then on, if capital of the company increase, one-twentieth deductions will continue until legal deposit becomes one-tenth of total capital of the company.

³⁴⁶ Regulations included in Law of Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed on 2000-08-23 by Board of Ministers).

Article. 1-Insurance institutes addressed by this bylaw should create the following technical reserves based on existing regulations (as detailed in debt column of their balance sheets) so as to fulfill contracts of direct insurance as well as reinsurance contracts.

A-In Life Insurance

- Actuatorial reserve to pay for capitals and wages
- Partnership reserves of insurers for paying dividends
- Complementary technical reserve for reinforcing other technical reserves of life insurances and guaranteeing fulfilment of obligations of other insurance institutes
- Technical insurance for covering life insurance

B-In other Insurances

- Reserve of insurance fees for current risks
- Reserve of non-compensated losses to pay for announced and under-investigation losses
- Reserve for returning insurance fees (caused by cancellation or reduction of insurance fees after a certain period of time).
- Reserve for Insurer's partnership in interests to pay dividend on profits
- Complementary technical reserve for reinforcing other technical reserves of non-life insurances and guaranteeing fulfilment of obligations of insurance institutes

Article. 2-Insurance institutes should, during development of a report of loss and profit account and balance sheet of each year, transfer technical reserves of previous financial year to row of profit and loss account of present year and transfer technical reserves of last financial year to row of profit and loss account of the same year.

Chapter. 2-Technical Reserves for Life Insurance

Article. 3-Actuatorial reserve of life insurance contracts refers to the difference between current value of insurer's obligations (capital and fees charged) and current value of insurers' obligations while considering technical principles that are used in calculation of insurance fees. The accusatorial reserve is determined based on retention shares of insurance institutes.

Article. 4-Reserve of partnership in interests of life insurances refers to percentage of interests obtained from life insurance trades and investment of technical reserves which should be divided among insurers of life insurance based on regulations concerning life insurance contracts.

Share of investors in interests should be initially included in this reserve before they could be divided at the end of each financial year or next years.

Article. 5-Technical reserves for life insurance will be determined based on principles approved for non-life insurance contracts (except for cargo insurance) as detailed in chapter 3 of current bylaw.

Article. 6-Complementary technical reserves for life insurances includes the following items:

At least 2.5 percent and at most 5 percent of insurance fees after applying deductions of offered reinsurance fees.

Complementary technical reserve transferred from last year

Chapter. 3-Technical Reserves of Non-life Insurances

Article. 7-Reserve of insurance fees for current risks, for non-life insurances, refers to fees charged during a period from date of developing balance sheet to date of expiration of insurance contracts as defined in the following manner:

For cargo insurances, after deduction of reinsurance fee about 50 percent of insurance contract fees charged annually plus 20 percent of insurance fees of previous year before deducting fees of reinsurance contracts

For other insurances: 40 percent of insurance fees for contracts sold during the past year after deduction of reinsurance fees.

Note-During first year of operation of insurance institutes in free zones, for covering months before establishment of the company 3.5 percent of insurance fees will be included in above-mentioned rows after deduction of reinsurance fees.

If an insurance institute starts its operation in second half of the year, the month of operation initiation will be included in months of activity.

Article. 8- Reserve of non-compensated losses to pay for announced and under-investigation losses (covered by non-life insurance contracts) refers to sum of estimated losses that are being verified at the end of financial years. The amounts of this reserve will be determined after deduction of insurers' fees.

Article. 9- Reserve for returning insurance fees (caused by cancellation or reduction of insurance fees after a certain period of time) refers to 50 percent of returned insurance fees to total

insurance fees in last three financial years multiplied by insurance fees of current financial year (the exact amount should be determined after deduction of reinsurance fees).

Article. 10- Reserve for Insurer's partnership in interests to pay dividend on profits of non-life insurance refers to percentage of interests of insurance contracts that are payable to insurers abased on relevant terms of contract.

Article. 11-Complementary technical reserve, in non-life insurance contracts, refers to following items:

At least 2.5 percent and at most 5 percent of insurance fees after applying deductions of offered reinsurance fees.

Complementary technical reserve transferred from last year

Chapter. 4-Technical Reserves of Accepted Reinsurance

Article. 12-Technical reserves of admitted reinsurance should be determined based on regulations detailed in previous sections of this bylaw and terms of contracts for reinsurance agreements.

Chapter. 5-Twchnical Reserves for Covering Risks of Natural Events

Article. 13-Technical reserves for covering natural events refers to sum of following items:

At least 2.5 percent after applying deductions of offered reinsurance fees.

Complementary technical reserve transferred from last year

Bylaw No. 47 of Guideline of Investments of Registered Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran

To enforce article 13 of Law on Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed by Board of Ministers³⁴⁷), Supreme Insurance Council held a meeting on 2003-05-20 in which representative of secretary of Supreme Council of Free Zones was present, guidelines concerning investment of insurance institutes registered in free zones were developed in the following manner:

Article. 1-Insurance institutes addressed by this bylaw should report their assets representing technical reserves and legal reserve. In addition, such institutes should report their capital based on regulations of this bylaw, in a clear manner and based on their auditing standard. The capital items should be reflected in financial statements.

Article. 2-For Iranian institutes involved in non-life insurance areas, permissible investments choices supplied from technical reserve fund are:

Banking deposit: At least 25 percent of sum of technical reserves

Bonds guaranteed by government or governmental banks to a value equivalent with at least 10 percent and at most 25 percent of sum of technical reserves. In the case that purchase of bonds addressed in this article does not amount to predetermined minimum, insurance institutes could satisfy the minimum through banking deposits

Bonds guaranteed by private banks (that are licensed by authorized entities) should be at most 10 percent of technical reserves of insurance institutes

³⁴⁷ Regulations included in Law of Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed on 2000-08-23 by Board of Ministers).

Shares of companies listed on exchanged market if its total value for each capital receiving company does not exceed 10 percent of the shares of that company. In addition, it should not exceed total 30 percent of technical reserves of insurance institutes.

Note. Insurance institutes could invest in other financial tools and shares listed on exchange market up to 10 percent of technical reserves they have. These investments should not exceed 30 percent of technical reserves of such insurance institutes.

Partnership in constructional projects is permissible if investment in each project does not exceed 20 percent of total price of that project and does not exceed 20 percent of technical reserves of insurance institutes too.

Purchase of intangible assets (properties and real-estate) located in large cities if their total value does not exceed 10 percent of sum of technical reserves.

Offering loans for purchase of location of operation as representative of relevant insurance entities that have been operating for two years (from their date of establishment) if:

1-Sum of loans does not exceed 5 percent of sum of technical reserves.

2-In any case, purchased location acts as guarantee for creditor (first mortgage) and top limit of loans exceeds 50 percent of the value of purchased property.

3-Period for repayment of loans should be 5 years at most and interest rate should be at least 2 percent higher than interest on long-term deposits

Investment in companies not listed on stock exchange should be confirmed by Central Insurance of Iran and it should not exceed 10 percent of sum of technical reserves.

Offering loans to employees of insurance institutes to provide accommodation for them.

This should be done based on employment bylaws and does not exceed 5 percent of technical reserves of insurance companies.

Article.2--Permissible investments supplied from actuarial reserves for Iranian companies that do not offer life insurance contracts are:

Offering loans to insurers (supplied from actuarial reserves) based on terms of insurance contracts

Banking deposits to equivalent values of 10 percent of total actuarial reserves

Bonds guaranteed by government or governmental banks to a value equivalent with at least 10 percent and at most 25 percent of sum of actuarial reserves. In the case that purchase of bonds addressed in this article does not amount to predetermined minimum, insurance institutes could satisfy the minimum through banking deposits

Bonds guaranteed by private banks (that are licensed by authorized entities) should be at most 10 percent of actuarial reserves of insurance institutes

Shares of companies listed on exchanged market if its total value for each capital receiving company does not exceed 10 percent of the shares of that company. In addition, it should not exceed total 40 percent of actuarial reserves of insurance institutes.

Note. Insurance institutes could invest in other financial tools and shares listed on exchange market up to 10 percent of actuarial reserves they have. These investments should not exceed 40 percent of actuarial reserves of such insurance institutes.

Partnership in constructional projects is permissible if investment in each project does not exceed 20 percent of total price of that project and does not exceed 20 percent of actuarial reserves of insurance institutes too.

Purchase of intangible assets (properties and real-estate) located in large cities if their total value does not exceed 10 percent of sum of actuarial reserves.

Offering loans for purchase of location for operation as representative of relevant insurance entities that have been operating for two years (from their date of establishment) if:

1-Sum of loans does not exceed 10 percent of sum of actuarial reserves.

2-In any case, purchased location acts as guarantee for creditor (first mortgage) and top limit of loans exceeds 50 percent of the value of purchased property.

Investment in companies not listed on stock exchange should be confirmed by Central Insurance of Iran and it should not exceed 10 percent of sum of actuarial reserves.

Offering loans to employees of insurance institutes to provide accommodation for them. This should be done based on employment bylaws and does not exceed 5 percent of technical reserves of insurance companies.

Article.3- Permissible investments supplied from technical reserves for Iranian companies that do offer life insurance and other insurance contracts are:

Offering loans to insurers (supplied from technical reserves) based on terms of insurance contracts

Banking deposits to equivalent values of 10 percent of total technical reserves

Bonds guaranteed by government or governmental banks to a value equivalent with at least 10 percent and at most 20 percent of sum of technical reserves. In the case that purchase of bonds addressed in this article does not amount to predetermined minimum, insurance institutes could satisfy the minimum through banking deposits

Bonds guaranteed by private banks (that are licensed by authorized entities) should be at most 10 percent of technical reserves of insurance institutes

Shares of companies listed on exchanged market if its total value for each capital receiving company does not exceed 10 percent of the shares of that company. In addition, it should not exceed total 32 percent of technical reserves of insurance institutes.

Note. Insurance institutes could invest in other financial tools and shares listed on exchange market up to 10 percent of actuarial reserves they have. These investments should not exceed 32 percent of technical reserves of such insurance institutes.

Partnership in constructional projects is permissible if investment in each project does not exceed 20 percent of total price of that project and does not exceed 25 percent of technical reserves of insurance institutes too.

Purchase of intangible assets (properties and real-estate) located in large cities if their total value does not exceed 10 percent of sum of technical reserves.

Offering loans for purchase of location for operation as representative of relevant insurance entities that have been operating for two years (from their date of establishment) if:

1-Sum of loans does not exceed 10 percent of sum of technical reserves.

2-In any case, purchased location acts as guarantee for creditor (first mortgage) and top limit of loans exceeds 50 percent of the value of purchased property.

Investment in companies not listed on stock exchange should be confirmed by Central Insurance of Iran and it should not exceed 10 percent of sum of technical reserves.

Offering loans to employees of insurance institutes to provide accommodation for them. This should be done based on employment bylaws and does not exceed 5 percent of technical reserves of insurance companies.

Article. 4-Insurance institutes that are solely involved in reinsurance field should invest their technical fields based on articles of current bylaw.

Article. 5-Insurance institutes could consider following cases as investments:

Deposits that these institutes have allocated to insurers based on reinsurance contracts

Funds that insurers own to these institutes because of reinsurance trades up to 20 percent of reserves of these trades

Funds that insurers own to insurance institutes for non-life insurances contracts up to 10 percent of technical reserves of non-life insurances

Debt of ministries and governmental entities up to 20 percent of sum of technical reserves

Article. 6-Purchase of assets required for operation of insurance institutes up to 30 percent of eigenvalue is permitted. The remaining eigenvalue of insurance institutes should be invested as stated in article 2.

Article. 7-Insurance institutes operating abroad should follow regulations of their location of operation when they intend to manage their technical reserves and elect their operational investments. If there are no such regulations in foreign countries, the insurance institute should follow regulations included in this bylaw.

Article. 8-For companies offering diverse range of insurance contracts, accounts of life insurance and insurance contracts that require payment of certain fees should be kept separately from account of non-life insurance contracts.

Article. 9-Central Insurance of Iran should evaluate some or all of purchased assets financed from capital fund, technical reserves and legal deposits and reserves if and when necessary.

Article. 10-Insurance institutes have to develop financial statements of each year of investments according to fund source (i.e. capital fund, technical reserves and legal deposits) and forward such financial statements to Central Insurance of Iran.

Bylaw No. 49 of Sample of Financial Statements for Insurance Institutes of Free Trade-industrial Zones of Islamic Republic of Iran Passed on 2003-05-20

To enforce paragraph A in article 21 of Law on Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed by Board of Ministers³⁴⁸), Supreme Insurance Council held a meeting on 2003-05-20 in which representative of secretary of Supreme Council of Free Zones was present. It was approved that insurance institutes should develop their accounts and financial statements based on the sample approved by Supreme Council of Insurance in a meeting held on 1991-03-11.

Any adjustment of this guideline will cover insurance institutes registered in free zones.

³⁴⁸ Regulations included in Law of Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones of Islamic Republic of Iran (passed on 2000-08-23 by Board of Ministers).

Regulations Concerning Issuance of Insurance Representation License to Real Persons in Free Zones

Passed on 2003-06-24

With Further Amendments

Article. 1-Real persons applying for representation of insurance institutes located in free zones should satisfy the following conditions:

- Graduation from high school with diploma and sufficient experience in insurance activities
- Fulfilling military services or being permanently exempted (for male Iranians)
- Lack of addiction to drugs and lack of criminal records as certified by relevant entities
- Lack of adverse professional records and bad fame
- Lack of involvement in other professions offered in free zones and other parts of the country

Note. Teaching in universities and educational entities is an exception.

Insurance institutes could impose any type of competitive conditions for selection of top representatives (e.g. giving tests).

Article. 2-Activities of representatives in free zones is conditional upon the contract between representative and insurance institutes. In addition, regulations concerning establishment and activity of insurance institutes operating in free trade-industrial zones.

Article. 3-Representation contract should include the following items:

- Specifications and addresses of parties of contract
 - Authorities and mutual duties of representative and insurance institute
 - Commission rate assigned based on different insurance areas
 - Duration of contract
 - Amount and type of guarantee received from representative to define and guarantee rights and debts of insurers, the insured, insurance institutes and beneficiaries of insurance contracts
 - Prohibition from signing representation contract with other insurance institutes during validity of the contract
 - Defining cases of limitation of activity, suspension or cancellation of contract
- In representation contracts, the following items should be noted:

Representative is responsible for compensating direct or indirect losses caused by ignorance, deliberate measures, employees or recruited marketers against insurance operations covered by representation contract. However, this article does not inhibit insurance institute from taking charges against insurers.

Insurance representative should prevent from unhealthy competition with other insurance institutes, official brokers and other insurance representatives as well as adverse advertisement against insurance institutes.

Paying for insurance fees to representatives is equivalent with paying to insurance entities. Signature of representative on insurance documents is as valid as insurance documents signed by insurance entities.

The entity for resolving conflicts between insurance institute and representative is Central Insurance of Iran.

If Supreme Insurance Council develops new regulations, these regulations will be imposed on terms of contract since date of enforcement.

Article. 4-Insurance entities should forward a copy of insurance representation contract to Central Insurance of Iran within 1 months.

Article. 5-Insurance institute should issue representation permit for its representative. These permits should be valid for 3 years and its extension could be approved. In any case, representation permit could not be longer than validity of representation contract.

Article. 6-If regulations included in this bylaw are not satisfied by insurance institute and in the case of violation of regulations concerning establishment and activity of insurance institutes in free zones (as notified by Central Insurance of Iran), insurance institute should suspend or cancel representation contract.

**From Bylaw No. 76 on Assignment of Compulsory Reinsurance,
Fees and Partnership in Profits
Passed on 2012-10-02**

Article. 6-Insurance institutes located on mainland and free trade-industrial zones should forward information on insurance contracts with excess share of compulsory reinsurance. Before issuing those insurance contracts with higher financial obligations than those detailed below, the institute should receive agreement of Central Insurance regarding fee and terms of contract. Otherwise, Central Insurance could inhibit from accepting some or all of its own share in compensating losses covered by that insurance contract. Rejection of compensation for losses by Central Insurance will not affect commitment of issuing insurance institute against insurer and beneficiaries of insurance contract.

Fire, engineering and oil, gas and petro-chemistry with capital/commitment of more than 2500 billion IRR

Ship insurance with capital/commitment of more than 200 billion IRR for every ship and 1000 billion IRR for every fleet

Airplane insurance: with insurance coverage of body and mortality of more than 40 billion IRR for every plan and 180 billion IRR for each fleet

Cargo insurance: Capital of more than 300 billion IRR for each case of transportation

Approved Regulations



From Bylaw on Duties of Governors, their Assignment and Discharge

Passed by Supreme Administrative Council on 1998-10-20

Article. 1-Duties and authorities of governors in their jurisdiction are:

39-Surveillance, coordination and direction of affairs concerning non-oil exportation, border transactions, establishment of free trade-industrial zones and special protected zones³⁴⁹ and establishment and operation of border markets based on relevant regulations.

Importation of Vehicles Manufactured in Free and Special Economic Zones to Mainland

Passed by Economic Council on 2000-10-28

1-Manufacturers of vehicles in free and special economic zones are authorized to export some of their manufactured cars to mainland. The extent of importation is proportionate to value-added, domestically produced parts and materials used in manufactured cars (as recognized by Value-Added Committee), after proceeding customs formality and paying trading profits and legal fees for parts imported from abroad which have been used in manufacturing of cars.

2-Vehicles manufactured in free zones and special economic zones will be authorized by relevant authority to receive identification documents and plates. In proportion to value-added and domestically manufactured parts, the procedure will be similar to domestically produced cars. The tax detailed in note 35 of Budget Law for 2000 will correlated with prices determined by Car Council of Ministry of Industry. ³⁵⁰

³⁴⁹ Refer to footnote no. 380.

³⁵⁰ Note. 35 of Budget Code of 2000 has similar implications with note. 35 of Budget Code of 2002 as detailed below.

3-Vehicles with higher value-added and less number of domestically made parts are recognized as imported ones. In addition to importation license, all legal formalities for importation of foreign products should be proceeded.

4-Customs Organization of Islamic Republic of Iran should forward copy for release of imported vehicles along with details of value-added to Consumer and Producer Protection Organization. In addition, car manufacturing companies should monthly report number of imported and exported goods to the organization.

Note. 35-A: In 2002, the following items produced in governmental plants that are sold by real persons in the form of final products will be subject to sale tax:

- 1- 1kg of domestically produced steel: 75 IRR
- 2- 1kg of copper cathode: 157 IRR; 1kg of copper wire: 530 IRR
- 3- 1kg of products of National Petrochemical Company of Iran and its subsidiaries (except for chemical fertilizers and liquid gas): 40 IRR

Performance in 2002: Net profit of National Petrochemical Company of Iran and its subsidiaries (companies which over 50 percent of their shares is owned by National Petrochemical Company of Iran.

National Iranian Copper Industries Company and National Petrochemical Company of Iran and their subsidiaries will be subject to article 138 of Law of Direct Taxes passed on 1987-06-02.

B-Companies manufacturing vehicles should charge 10 percent on sale price as indirect tax and deposit it into public income account (in Public Treasury; as detailed in row 151950 of section 3 of this law) for each set of vehicles except for emergency vehicle, taxi, bus, mini-bus, truck, and pick-up.

C-In 2001, indirect tax for some products are as detailed in the following:

1-Each new mobile phone subscription: 1.500.000 IRR

2-Tax per 300 CC of carbonated cola produced in Iran is subject to article 1 of Law of Indirect Law on Some Goods and Services (passed on 1995-10-08) increased from 20 IRR to 70 IRR.

3-Tax for imported steel is 250 IRR per kilogram which should be approved by Economic Council (except for bar and raw forms)

D-Law on Prohibition from Importation of Certain Unessential Goods (passed on 1995-09-13) should not essentially be enforced for cigarette. If Tobacco Company issues relevant licenses, the remaining demand for cigarette could be imported during 2001.

H-Real persons (mentioned above) and importers should deposit sale tax annually from end of each month to the mid of next month into accounts that Ministry of Economic Affairs and Finance suggests. Receipts should be received for each payment. Delay in enforcement of this paragraph will be fined by 5 percent additional tax for each month of delay.

V-Exportation of these goods will not be subjected to sale tax.

W-As addressed in this note, relevant tax should be received based on executive regulations in Law of Direct Tax passed on 1988-02-22.

X: Executive Guideline for this note was developed by Ministry of Economic Affairs and Finance.

Y: Ministry of Industry and Mine should establish metal exchange for enforcing paragraph J in Article 95 of Law of Third Economic, Social and Cultural Development Plan of Islamic Republic of Iran.

From Amended Bylaw of Terms and Regulations of Lending from Foreign Currency Reserve Account

Passed by Board of Trustees of Foreign Currency Reserve Account on 2010-07-31

Section J

Note to Paragraph 7- For addressing finances developed in free zones and special economic zones the documents of which had been traded by Central Bank of Islamic Republic of Iran (before notification of this bylaw to banks), the licenses issued by authorities of zones for imported goods that have been confirmed by Cabinet will be regarded as reference.

Enforcement of Typical Plans or Plans with Preferential Terms in Free Trade-industrial and Special Economic Zones and Less Developed Regions³⁵¹

Passed by Board of Trustees of Foreign Currency Reserve Account on 2011-01-08

In cases in which site of implementation of projects in free trade-industrial zones, special economic zones and less developed areas includes use of loans from foreign currency reserves (typical plans or plans with preferential terms), selection of dominant regulations should be done by applicant himself since numerous regulations are imposed on regarding period of financing and expected interest rate.

This ruling could be enforced for new contracts and plans with expired partnership agreement. In the next step, these contracts and plans could be turned into installment-based sale contract.

From Long-term Strategic Bylaw for Development of Industry, Mine and Trade Sectors in Terms of Land Use

Passed by Land Use Council on 2013-05-09

In order to develop general land use policies of Iran, align with criteria of land use such as promotion of social justice, generation of national-regional equilibrium, increase of economic efficiency, protection of environment and natural resource and observe security-intelligence consideration, the following long-term policies for development of industry, mine and trade sectors were developed:

³⁵¹ This approval letter was numbered H41786T/254612 and enforced on 2011-01-30.

27-Establishment of free trade-industrial and special economic zones by alignment with criteria of effectiveness and consistency of existing basic infrastructures with correlation of management system, coordination of management systems with business development policies of Iran and use of distinctive capacities of these zones.

Guidelines for Iranian and Foreign Goods for Transit

Passed by Customs Organization of Islamic Republic of Iran on 2014-06-07

In order to integrate procedures for domestic and foreign transit, offer loans based on paragraphs 10 and 11 of General Policies of Resilient Economy and attention to significance of internal and domestic transit procedures, the following guideline was issued based on paragraph 3.5 of Kyoto Convention:³⁵²

Activities of international transportation companies engaged in Iran is conditional upon receiving license of operation from Ministry of Road and Urban Development and notification of the event by Islamic Republic of Iran. The guarantees offered could be accepted based on paragraph H in article 1 of Law of Customs Affairs³⁵³ and article 109³⁵⁴ of Executive Bylaw of Customs Affairs Law. The list of these companies should be notified by Supervision Office to relevant transit entities.

All customs organizations equipped with intelligent transit systems should use declaration forms SAD and T1. In addition, customs organizations with non-operating

³⁵² From General Policies of Resilient Economy passed by Supreme Leader on 2014-02-18:

10-Comprehensive and targeted support of exportation of goods and services based on value-added and positive foreign currency input through following measures:

- Facilitation of regulations and offering essential motives
- Development of foreign trade, transit and infrastructure-related services
- Encouragement of foreign investment for enhancing exportation
- Proper planning about domestic production based on exportation requirements, development of new markets, and diversification of economic ties of Iran with countries of the region
- Adopting mechanism of mutual transactions for facilitation of trades
- Establishing integrated process and regulations of exportation to consistently increase share of Iran in target markets

11-Promoting authorities of free zones and special economic zones of Iran to promote transfer of advanced technologies, facilitation of production and exportation of goods and services, satisfaction of essential requirements and financing from abroad

³⁵³ Paragraph H in article 1 of Law of Customs Affairs (passed on 2011-11-13): Guarantee: Cash and valid banking guarantee, and insurance contract used for enforcement of regulations in Law of Customs Affairs

³⁵⁴ Article 109 of Executive Bylaw of Law of Customs Affairs passed on 2013-02-24: Since date of detecting violation of Customs Law in regard to transit of foreign goods up to step of issuing final order by judicial entities, decisions regarding reduction of loans to international transportation companies should be made by Customs Organization of Iran.

intelligent transit should notify reception of goods by confirmation of copy of T1 form and annex the copy with reception notice to relevant customs organization.

Based on article 101 of Executive Bylaw of Law of Customs Affairs³⁵⁵, for goods being transported by more than 1 vehicle, specifications of cargo, vehicle and ID of attached seals should be detailed in form of transit license (based on notice to article 38 of Executive Bylaw of Law of Transportation and Transit of Foreign Goods and Director no. 55/587/726/92/13551 passed on 2013-10-06).

Details of goods verified by Customs Organization and approved for importation (their release formalities have not been conducted due to lacking legal licenses) and products which could be imported under certain limitation or prohibitions should notified to Import and Special Affairs Center before transit to free and special economic zones.

Guarantees

A- Internal Transit

1-Target Items: Forbidden items (covered by paragraphs B and C of article 123 of Law of Customs Affairs)³⁵⁶ as well as clothes, bag, shoes, cigarette, cosmetic tools, tea, machineries of road development and spare parts.

³⁵⁵ Article 101 of Executive Bylaw of Law of Customs Affairs (passed on 2013-02-24): In cases in which foreign goods for transit (approved for license) should be transited for more than 1 vehicle, relevant customs organization should include specifications of cargo, transportation vehicle, number of transit license and number of seal, name of outgoing customs organization and other information in transit license. The license and other relevant document should be delivered to transiting agent. These documents will be recognized as original copy of license during the whole transit path and when going out of customs-covered area. In this cases, original copy of license will be forwarded via last vehicle to last checkout of relevant customs organization. In any case, returning guarantee or obligated material is conditional upon offering original copy of license, confirmation of discharge or delivery of cargo to Customs Organization.

³⁵⁶ Article 123 of Law of Customs Affairs (passed on 2011-11-13): In the case of internal transit and domestic traffic, the following limitations could be imposed:

-Temporary entry and domestic traffic of products addressed in paragraphs P to J of article 122 (*1). This law could be enforced if relevant ministries approve them.

-Temporary entry of goods covered by paragraphs J and H of article 122 (*2). Domestic traffic of these good should be approved by relevant ministries.

*1 and *2-From article. 122 of Law of Customs Affairs (passed on 2011-11-13): Importation of following goods is forbidden:

A-Goods that are against dominant law or Sharia

B-Prohibited goods based on table of customs tariff or legal approval letters

C-Gun of any kind such as gunpowder, detonators, cartridges, bullets and other ammunition unless approved by Ministry of Defense and Armed Forces Logistics

D- Narcotics and psychotropic substances and their precursors of all kinds, except for cases approved by Ministry of Health and Medical Education

2- Based on article. 10 of Law of Customs Affairs and article 112 of Executive Bylaw, the extent of guarantees to be received for permitting internal traffic of products is as detailed in the following:³⁵⁷ ³⁵⁸

2.1- Guarantee for domestic traffic of permitted goods is equal with importation fees and value-added tax as well as tariff which could be in cash, banking guarantees or valid insurance contracts

2.2- Guarantee offered for proceeding through domestic traffic of target and approved goods is conditional upon existence of manufacturing companies with relevant operation licenses. These goods should be transported by international companies. The guarantee is equal with importation fees, value-added tax tariff plus half of nominal value deposited in cash, banking guarantee or insurance letters

2.3- Guarantee for proceeding through domestic transit of conditionally permitted goods that belong to real and legal persons (except for manufacturing units) that are being carried by international transportation companies. The guarantee is equivalent with importation rights, value-added tax and tariff plus double of nominal value to be deposited in a bank account, offered by banking guarantees or valid insurance contracts

2.4- Guarantee for proceeding through domestic transit of target goods that belong to real and legal persons (except for manufacturing units) that are being carried by international transportation companies. The guarantee is equivalent with importation rights, value-added tax and tariff plus triple times of nominal value to be deposited in a bank account, offered by banking guarantees or valid insurance contracts

E- Transmitter devices of all kinds and parts of them, except for cases approved by Ministry of Communications and Information Technology

F- Apparatus for aerial photography and filming except for cases approved by Ministry of Defense and Armed Forces Logistics

G- Eavesdropping systems, transmitters and small recording devices such as small cameras and microphones with spying abilities, special transmitters, different types of monitoring systems and encoding systems with espionage abilities except for cases approved by Ministry of Intelligence

³⁵⁷ Article. 10 of Law of Customs Affairs (passed on 2011-11-13): Except for cost of services that should be immediately received, guarantee for settlement of importation fee for permitted products is equivalent with relevant tariff. For other goods, it is equal with tariff plus half to triple times of value of good.

³⁵⁸ Article. 112 of Executive Bylaw of Law of Customs Affairs (passed on 2013-02-24): Before issuing permit of personal traffic, the applicant should offer the following guarantees requested by Customs Organization but cost of services should be settled in cash.

Note. 1- The goods covered by TIR Carnet do not need notification and guarantee to be trafficked domestically.

Note. 2- In regard to domestic transit of post bags, pouches and packages, cargoes transmitted by railroads and governmental cargoes that are transported directly from customs organization of origin to customs organization of destination, receiving obligation notices instead of guarantee is permitted.

Note.1 –For international transportation companies with previous record of being convicted of smuggling, based on article 109 of Executive Bylaw of Law of Customs Affairs and paragraph 1 of last classification of companies suggested by Transit Surveillance Office, the guarantees detailed in paragraph 2.4 should be received. 359

Note. 2-Accepting domestic transit of conditionally permitted and second goods belonging to manufacturing units with final destination other than the one determined in bill of landing is permitted if valid and relevant operation permit is offered. In other cases, it is conditional upon receiving license from Traffic Surveillance Office.

Note. 3-Receiving permit for domestic transit of goods addressed in this article does not prevent from receiving required permits (permits required for final discharge of goods based on article 71 of executive bylaw of Law of Customs Affairs). The exception is manufacturing units³⁶⁰

3-Customs organization of origin should forward a copy of order notice and its digital verification form (in customs organization equipped with ordering system) and other relevant licenses (standard permit, health permit and other legal licenses) and annex them to domestic transit notification (solely in ports of Iran).

Note. 1-Reception of permits required for domestic transit of goods related to national airline industry and maritime to customs organization of destination will not be subjected to this article.

Note. 2-Reception of permits required for quickly corruptible goods, laboratory kits and washing solutions to customs organization of destination will not be subjected to this article.

Note. 3-Domestic transit of all goods made by manufacturing units to special storehouse could be done after receiving quarantine certificates for vegetable-diary goods and if other permits are needed, they should be requested at the time of final release by customs organization of destination. In regard to guarantees, domestic regulations for domestic transit should be satisfied.

4-Evaluation of cargos being domestically transited in the area of customs organization of origin and receiving laboratory results regarding laboratory specifications such as clothes, containers that cannot be identified during evaluation should be done in the following manner. A sample of product and its catalogue should be attached to declaration notice and matching country of origin with suggested specifications is emphasized.

5-Customs organization should attach main copy of legal permits to declaration notice of domestic permit and if legal permits and domestic transit documents issued in customs organization of origin are still valid at customs organization of destination, request for a new

³⁵⁹-Refer to footnote no. 362.

³⁶⁰ Article. 71 of Executive Bylaw of Law of Customs Affair (passed on 2013-02-24): Final importation of goods requires reception of all required licenses based on relevant regulations and payment of importation tariff.

license will not be need. In addition, attaching original copy of declaration notice of domestic transit to declaration notice of final transit is essential.

6-Based on note. 4 in article 4 of Executive Bylaw of Law of Integration of Border Trades³⁶¹, domestic transit of goods by international cooperative companies will be covered by valid insurance contract. If cooperative companies operating on the border intends to transfer and compose domestic transit documents independently, it will be subjected to paragraphs 2.3 and 2.4.

B-Foreign Transit

1-Based on article 10 of Law of Customs Affairs³⁶², article 98 of its executive bylaw ³⁶³and article 5 of Law of Transportation and Transit of Foreign Goods through Territory of Islamic Republic of Iran³⁶⁴, transit of foreign goods by Iranian transportation companies with international area of activity will be regarded as permissible good transit in terms of offering guarantee. This is regardless of type of goods.

2-Extent of guarantee for foreign transportation into free zones and special economic zones or into the country should be determined for all items that are being transported by international transportation companies. The guarantee should be equal with importation fee, value-added tax and fees and it could be offered as cash deposit, bank guarantee or valid insurance contract.

³⁶¹ Note 4 in article 6 of Executive Bylaw of Law of Integration of Border Trade (2006-07-23): Exportation and importation by border residents and cooperatives should be done in the area of customs of border markets and customs organization of the same province. In cases that trade is not possible, Council for Integration of Border Trades could select and announce closest customs as trading place. In this case, based on procedures of domestic transit, goods will be discharged from customs of the same province.

³⁶² Refer to footnote no. 365.

³⁶³ Article. 98 of Executive Bylaw of Law of Customs Law (passed on 2013-02-24): Transit of goods abroad for Iranian transportation companies with operation permit from Ministry of Road and Urban Development will be regarded as a case of transiting permissible goods in terms of guarantee.

Note. 1-The goods covered by TIR Carnet do not require declaration notice and offering guarantee and could be transited.

Note. 2-In cases in which transit goods are reported by governmental post or railway transportation companies and transported on railroads and for non-commercial goods carried by travelers, transit permit will suffice.

³⁶⁴ Article 5 of law of Transportation and Transit of Foreign Products through Territory of Islamic Republic of Iran (passed on 1996-03-12): All goods of foreign transit that are being carried by Iranian transportation companies with international activities which has operation permit from Ministry of Road and Urban Development (*1), these goods will be regarded as permissible goods in terms of guarantees requested. Banking guarantee and other types of guarantees that banks issue for international transportation companies or valid insurance contract will be accepted as guarantee for transit.

*1-Based on Law of Establishment of Ministry of Road and Urban Development (passed on 2011-06-21), the term "Ministry of Road and Transportation" was substituted by "Ministry of Road and Urban Development".

3-Extent of guarantee for foreign transportation into free zones and special economic zones or into the country for all goods (targeted and non-targeted) belonging to real and legal persons (except for manufacturing units and international transportation companies) will be equal with importation fee, value-added tax and fees plus three times of nominal value and it could be offered as cash deposit, bank guarantee or valid insurance contract.

4-Admission of foreign transit of second-hand machineries to free and special economic zones for running production lines and manufacturing of input items that are heading to final destinations other than destination mentioned in this bill of landing (in the case of offering valid operation license by manufacturing unit) will be permitted. In some other cases, license of Transit Surveillance Office is needed.

C-Other Considerations

1-Based on note 2 in article 98 and note. 2 in article 112 of Executive Bylaw of Law of Customs Affairs³⁶⁵ and for proper use of railway transit potential, transit of goods by railway transportation companies could be done if managing directors of such companies offer relevant guarantee.

2-Considering note of article 62 of Law of Customs Affair and article 113 of its executive bylaw³⁶⁶ 367, in certain cases such as disease, accident, adverse events and crash will lead to abnormal cessation of cargos in the midway, such excuses will be accepted and covered by note. 1 to article 57 of Law of Customs Affair.³⁶⁸

3-Loading and transportation of domestic and foreign goods for transit should be done in special loading containers which satisfy standard conditions and offer precise weighing. In all of steps involved, complete surveillance by persons in charge of customs check-outs is essential. In the case that proper vehicles of transportation are not available, based on note to article 96 of Bylaw

³⁶⁵ Refer to footnotes 266 and 371.

³⁶⁶ Refer to Law of Transportation and Transit of Foreign Goods through Territory of Islamic Republic of Iran (passed on 1995-05-12) and its executive bylaw (passed on 1996-08-08) and Bylaw on Facilitation and Health of Foreign Transit through Iran passed on 2009-10-04 which is available online at www.dotic.ir

³⁶⁷ Article. 113 of Executive Bylaw of Law of Customs Law (passed on 2013-02-24): If on path of transit, the goods or vehicle carrying them undergoes accident, carrier should notify the event to closest customs office so that the office could sent officers for review of goods and developing a report. After making essential arrangements, the goods should sealed again and transit of goods should be allowed. A copy of report should be forwarded to customs offices of origin and destination.

³⁶⁸ Note. 1 in article 57 of Law of Customs Affair (passed on 2011-11-13): If notified customs office recognizes that goods have been destroyed due to force majeure reasons, the received guarantee should be returned and invalidated. In cases that offered reasons are justified, importation fees will be determined based on non-delivered or non-exported goods.

of Law of Customs Affairs the head of relevant customs organization should make essential arrangements.

4-Customs offices of destination (in the case of domestic transit) and customs offices located in free zones and special economic zones should notify customs offices of origin in the case of receiving domestic products being transited, lack of sufficient damage of container and seal.

Note. In the case of finding strong evidence of smuggling, customs offices should remove the seal and evaluate quantity of goods precisely while owner of goods is present. In the case documents of goods do not match their quantity and specifications, the relevant regulations should be enforced on them.

5-In regard to foreign reserves, those cases which have not been addressed in Law of Customs Affairs the articles of Law of Transportation and Transit of Foreign Goods through Territory of Islamic Republic of Iran and its executive bylaw (with further amendments) and Bylaw on Facilitation and Health of Foreign Transit should be referenced. 369

This guideline should be enforced since 2014-06-07 and the following guidelines will be cancelled.

Number and Date of Circular	Number and Date of Circular
355/55//1/726/199982 on 2011-12-27	55/875/758/14/1589 on 2014-02-01
55/118/19/118/215400 on 2012-01-18	25/8/15813 on 2013-04-19
55/1/726/221428 on 2012-01-25	55/1/726/92/227711 on 2014-02-10
412/55/1/726/246820 on 2012-02-28	55/1/726/92/221273 on 2014-02-16
55/1/726/259623 on 2014-02-16	

³⁶⁹ Article 63 of Law of Customs Affairs (passed on 2011-11-13): Whenever domestic goods for transit are not delivered partially or wholly to customs organization of destination (due to force majeure), the following regulations should be considered:

Note. In distinctive cases such as disease and adverse events that are included in this executive regulations (passed by Board of Ministers), relevant customs organization could issue delivery permit to recipient entity after receiving fines defined in article 109. This is conditional upon the fact that goods can be delivered in customs office of destination in 5 days from expiration date of domestic transit.

From Executive Plan of Resilient Economy: Principles, Evidence, Objectives and Policies and Operation of Department of Strategic Planning and Surveillance

Passed by Economic Council on 2014-07-07

Economic Council held a meeting on 2014-07-07 and referred to article 3 of Law of Planning and Budget as well as general policies of resilient economy issued by Supreme Leader (on 2014-02-18) to approve the suggestion of Department of Strategic Planning and Surveillance regarding “Executive Plan of Resilient Economy, principles, evidence, objectives, policies, and operational plans of the department.”³⁷⁰ These are detailed in the following manner.

Article. 4-Operational Plans

2-Policies concerning policies of “Development of Proper Infrastructure for Endogenous Development of Each Zone”

....

2.6-Proper use of potentials of free trade-industrial zones

³⁷⁰At the moment, Management and Planning Organization

From Regulations concerning Making Decisions regarding Method and Terms of Using National Development Fund

Annex No. 1

Passed by Board of Trustees of National Development Fund on 2014-07-08

Regulations Concerning Terms of Awarding Foreign Currency Loans

Section. 4-Acceptable Activities

Note-Investment plans and activities in free trade-industrial and special economic zones are authorized if articles of association of this fund and its relevant regulations are observed.

Laws and Regulations of Special Economic Zones



From General Policies of Resilient Economy

Passed by Supreme Leader on 2014-03-20

In order to realize dynamic development, improve measures of resilient economy, and attaining objectives of Iran's 20-Year Vision Plan, the general policies of resilient economy with a jihadist, flexible, endogenous and progressive outlook was issued:

...

11-Promoting the authorities of free and special economic zones to promote transfer of advanced technologies, development of manufacturing and enhance exportation of goods and services and satisfy fundamental needs along with importing financial resources from abroad

Exclusive Regulations

Law of Establishment and Administration of Special Economic Zones of Islamic Republic of Iran³⁷¹

Passed on 2005-06-01

Part.1-Objective

Article. 1-In order to support economic activities, establish international trades, mobilize economies of zones, produce and process high-quality goods, transfer technology, promote non-oil exportation, create productive employment and encourage domestic and foreign investment, and enhancing re-exportation (transit) and transfer of goods, the government is authorized to establish special economic zones in towns with sufficient potentials and infrastructures.³⁷²

³⁷¹ Record of establishment and development of special economic zones is as described in the following:

A-Note 20 of Law of First Development Plan (passed on 1990-01-31): In order to support manufacturing sector, Customs Organization of Iran and Ports and Shipping Organization should, within next 6 months from approval of this law, establish protected special zones on borders or in domestic customs organization for maintenance of raw materials, tools and produced materials that are being produced without taking currency out of Iran. Importation of goods from such zones for domestic use should follow export-import regulations. Owners of goods could take their imported goods out of above-mentioned channels. The executive bylaw of current bylaw should be approved by Board of Ministers.

B-Paragraph D in Note. 25 of law of Second Development plan (1994-12-11; expired):

D.1-In order to support domestic production and exportation of non-oil product and mobilizing economy of the zone, government could establish protected special zones on border terminals or domestic customs offices. (*1): Importation of goods from such zones to be used on mainland will be subject to import-export regulations.

Exportation of goods from such zones will not be subject to formalities.

2-Protected special zones establishing according to no. 20 of Law of First Development Plan should match their activities with articles of present bylaw and its bylaw.

3-Executive bylaw for this paragraph will be approved by Board of Ministers.

J-Refer to paragraph 39 in article 2 of regulations of Supreme Administrative Council regarding duties of governors and their assignment and discharge (passed on 1998-10-20).

*1-Naming Zones based on Paragraph D in Note. 25 of Law of Second Plan (passed by Supreme Council of Free zones on 1995-08-14): Considering reasons and explanations of secretary of Supreme Council, the term "Special Economic Zone" was used to refer to zones addressed in paragraph D in note. 25 of Law of Second Economic, Social and Cultural Development Plan of Islamic Republic of Iran.

³⁷² From Approval Letter (passed on 2010-04-14) approved by special presidential representatives in Working Group of Public Transportation Development and Fuel Consumption Management: Ministry of Road and Transportation should conduct the following affairs to increase capacity of transportation in Hormozgan Province: 11- Extension of regulations, facilitative means and loans for investing in free zones to Shahid Rajaii Special Economic Zone

*1-At the moment, Ministry of Road and Urban Development

Note. 1-In special economic zones, established for conducting certain measures, determining geographical limits, developing a comprehensive plan and determining permissible activities of such zones will be based on present law and items suggested by secretary and approved by Board of Ministers. 373 374 375

³⁷³ Note 1 in article 1, notes 1 and 2 of article 3 and article 4 passed by Expediency Discernment Council of the System on 2005-11-26.

³⁷⁴ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

³⁷⁵ Refer to following regulations:

- 1-Determining Area of Sarakhs Special Economic Zone (passed on 1996-03-16)
- 2-Establishment of Sirjan Special Economic Zone (passed on 1996-12-23)
- 3-Establishment of Arge-Jadid Special Economic Zone (passed on 1997-06-17)
- 4- Establishment of Imam-Khomeini Port Special Economic Zone (passed on 1997-06-17)
- 5- Establishment of Persian Gulf Special Economic Zone of Mineral and Metal Processing Industry (passed on 1997-12-25)
- 6- Establishment of Bushehr Special Economic Zone (passed on 1998-01-14)
- 7- Establishment of Amir-Abad Port Special Economic Zone (passed on 1998-01-14)
- 8- Establishment of Shahid Rajaii Port Special Economic Zone (passed on 1998-01-26)
- 9- Establishment of Lorestan Special Economic Zone (passed on 1999-02-24)
- 10- Establishment of Yazd Special Economic Zone (passed on 2000-03-15)
- 11- Establishment of Shiraz Special Economic Zone (passed on 2000-03-15).
- 12- Establishment of Persian Gulf Shipping Special Economic Zone (passed on 2000-03-15)
- 13- Establishment of Payam Special Economic Zone (passed on 2000-03-15)
- 14- Establishment of Khuzestan Special Economic Zone and Inclusion of Mino and Shalamche in Area of Arvand Free Trade-industrial Zone (passed on 2005-05-29)
- 15- Establishment of Pars Energy Special Economic Zone (passed on 2006-12-03).
- 16-Determining Authority in Charge, Area and Range of Activity of Special Economic Zones of Dogharon, Rafsanjan, Jazmurian, Imam Khomeini Port, Noshehr Port, Shahrekord, Islam Abad Gharb, Mehran, Salmas, Atrak, Damghan, Semnan, and Lamord (passed on 2011-04-18)
- 17- Determining Authority in Charge, Area and Range of Activity of Special Economic Zones of Sistan, Namin, Kazarun, Kaveh, Bojnord, Lavan Parsian, and Baneh (passed on 2011-09-13)
- 18- Determining Authority in Charge, Area and Range of Activity of Special Economic Zones of Jahan Abad, Ray, and Sahalan (passed on 2012-03-10)
- 19- Determining Authority in Charge, Area and Range of Activity of Special Economic Zones of Birjand, Sabzevar, Zarandieh, and Jahrom (passed on 2012-03-10)
- 20- Determining Authority in Charge, Area and Range of Activity of Special Economic Zones of Kashan (passed on 2012-10-03)

Note.2-Establishment of new special economic zones should be approved by Islamic Consultative Assembly.^{376 377}

Section. 2-Definitions and General Principles

Article. 2-In this law, the following abbreviated terms will be used:

Country: Islamic Republic of Iran

Customs: Customs Organization of Islamic Republic of Iran

Authority: Administrative authority of each special economic zone

Secretariat: Secretary of Supreme Council of Free Zones

Article. 3-Board of Ministers, for enforcing this law, will undertake the following responsibilities:^{378 379}

Determining and/or change of authority in charge of the zone (including governmental and private)

Surveillance of activities of zones based on plans and objectives

Note. 1-Board of Ministers could, if needed, establish a governmental entity for administrating special zone. Articles of association of these entities should be suggested by secretariat and approved by Board of Ministers.^{380 381}

21- Determining Authority in Charge, Area and Range of Activity of Special Economic Zones of Bushehr and Garmsar (passed on 2012-10-15)

³⁷⁶ Note. 1 in Article 1, notes 1 and 2 of Article 3 and Article 24 were approved by Expediency Discernment Council of the System.

³⁷⁷ Refer to following regulations included in this collection:

1-Law on Establishing one Free Trade-industrial Zone and Twenty Three Special Economic Zones (passed on 2010-09-26)

2-Law on Establishment of New Special Economic Zones (passed on 2010-12-19)

3-Law on Establishment of Sahand, Maraghe, Astara, and Sahalan Special Economic Zones (passed on 2010-12-19)

³⁷⁸ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

³⁷⁹ Refer to Approval Letter for Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones passed by Board of Ministers on 2013-08-25.

Note. 2-Determining authority in charge of the zone among non-governmental and legal persons is conditional upon possession (or official assignment of relevant governmental entities) and taking charge of lands included in the area of special economic zone by such persons before issuing license of Board of Ministers. Regulations concerning change of authority in charge of zone will be subject to a contract which is signed between secretariat and authority.^{382 383}

Article. 4-Based on the bylaw approved by Board of Ministers^{384 385}, authority could charge some fees for services that executive bodies offers as well as infrastructure, engineering, and storehouse, loading, unloading, health, cultural, communication, and educational services. Real and legal persons that are producing products and offer services in the zone will be exempt from paying any fee on the mainland.

Article. 5-Activities of authorities in charge of the zone should be permissible based on legal frameworks.

Article. 6-Annual budget of any zone administered by governmental authorities will be developed based on policies and plans of the state and should be approved based on relevant articles of association.

³⁸⁰ Note 1 in article 1, notes 1 and 2 of article 3 and article 4 passed by Expediency Discernment Council of the System on 2005-11-26

³⁸¹ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

³⁸² Note 1 in article 1, notes 1 and 2 of article 3 and article 4 passed by Expediency Discernment Council of the System on 2005-11-26.

³⁸³ List of authorities in charge of Special Economic Zones has been included in this collection.

³⁸⁴ Refer to approval letter concerning fees of services for 2014 in authorities of special economic zones (2014-07-26) that is included in this collection.

³⁸⁵ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

Article. 7-Issuing license for conducting economic, civil development, constructional, cultural and educational activities should be based on policies and regulations of state as well as approved comprehensive plan that authority has.

Note-In cases of deviation from above policies and regulations, the following entities should communicate the affair to authority in charge of the zone so that the authority could resolve the conflicts.

Section. 3-Regulations of Exportation and Importation of Products³⁸⁶

Article. 8-Commercial trades of zones with foreign country and other free trade-industrial and special economic zones should be registered in Customs Office to be exempted from customs fee, trading profit, and all fees for importation and other relevant fees. Except for legal and religious limitations, these trades will not be subjected to limitations of export and import regulations. Commercial trades of these zones with other parts of the country (except for regions mentioned above) will be subject to export and import regulations. ³⁸⁷

Note. 1-The products imported from other parts of the country into the zones for consumption and further use will be registered as cases of domestic transit. However, exportation of products from these zones to foreign countries will be subject to Law of Export and Import (passed on 1993-09-26). ³⁸⁸

Note. 2-Goods for export the exportation formalities of which have been done completely (i.e. banking and administrative) will be regarded as cases of finalized exportation after their admission into the zone.

Note. 3-Raw materials and foreign parts imported into the zones for processing, conversion, completion or repair will be subject to regulations of temporary importation. After conducting necessary steps, if they these materials and parts are used in the zone no declaration notice or exportation notice will be needed and minimum customs formalities should be imposed for them.

Article. 9-Importation of any amount of goods by travelers into other parts of the country is forbidden.

Article. 10-Importers of goods into the zones could give up some or all of their goods in exchange of trading storehouse receipt that is issued by authority of each zone. In this case, owner of the receipt will be regarded as owners of goods.

³⁸⁶ Refer to Executive Bylaw of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran passed by Board of Ministers on 2006-05-22.

³⁸⁷ Refer to footnote. 33

³⁸⁸ For reading the law, refer to National System of Regulations of Islamic Republic of Iran available at www.dotic.ir

Note-Management of each zone should, if applicant requests, issue license of origin for those products that exist the zone. This necessitates approval of Customs Office. The banks located on main load should accept such licenses.

Article. 11-Products made or processed in the zone will be regarded as domestically made product when they are imported into the mainland. This will be proportionate to sum of value-added and value of internal raw materials and parts made in Iran. 389 Consequently, they are exempt from paying importation fees.³⁹⁰

Note. 1-The method for determining value-added will be determined in current executive bylaw of present law.³⁹¹

Note. 2-Raw materials and parts made abroad will be regarded as domestically made items if import fees are paid. Trading profit considered in determination of importation fee of the car and its non-assembled parts should be based on article 72 of Law on Development on Some State Regulations passed on 2002-02-16. ³⁹²

³⁸⁹ Article 3 of Law of Value-added Tax (Approved on 2011-06-29): Value-added is difference between value of goods and services offered and value of products and services purchased in a definite period of time.

³⁹⁰ Paragraph D in Article 1 of Law of Customs Affairs (passed on 2011-11-13): Importation fee refers to customs fee (i.e. 4 percent of customs value) plus trading profit which is determined by Board of Ministers. In addition, based on the law, relevant customs organization is in charge of receiving the fee but it does not include service costs.

³⁹¹ Executive Bylaw was passed by Board of Ministers on 2006-05-22.

³⁹² Article. 72 of Law on Development of Some Financial Regulations (passed on 2002-02-16): Principles and difference between different tax classes as addressed in paragraph J in article 2 of Law on Calculation and Reception of Customs Fees, Trading Profit and Tax on Different Types of Vehicles, Road Development Machineries Made Abroad and Imported (passed on 1992-12-23) increased up to 4 times.

Note. 1-Since early 2002, sale tax of vehicles was eliminated and financial load of it was transferred to trading profit as detailed in note. 2.

Note. 2-The government should determine trading profit in a way that it encourages domestic production of vehicles. Minimum trading profit for imported parts (CKD or PWH) is about 60 percent while for cars with 50 percent domestically made parts, the profit is equal with 10 percent.

Note 3 (Amended on 2011-06-29): Based on percentage of domestically made parts, imposed trading profit will reduce.

(*1) Except for paragraph J of Law on Calculation and Reception of Customs Right, Trading Profit and Tax of Different Types of Cars, Road-Development and Imported Machines Made Domestically and their Parts (passed on 1992-12-23)

Tax on vehicles and road development machineries made in Iran will be determined based on retailing price of imported parts. Based on note. 7 of above law, we have:

Vehicle: 0-10 million IRR of retailing value up to 20 percent

-10 million to 15 million IRR: 25 percent

-15 million to 20 million IRR: 35 percent

-20 million to 35 million IRR: 50 percent

-30 million and higher: 25 percent for each additional 25 percent

Single-cabinet Pick-up: Exempted

Article. 12-Customs Organization of Islamic Republic of Iran should accept request of owners of goods for transit of goods and direct transit from other terminals of the zones and make essential arrangements.

Article. 13-Deadline for stopping importation of goods into the zones should be determined by management authority of each zones. Regulations concerning cessation of goods in different places are determined and enforced by relevant authority.

Chapter. 4-Regulations of Investment and Registration³⁹³

Article. 14-Method for admission, entry and exit of foreign capital and obtained profits for zones as well as level of participation of foreigners in activities of each zone will be determined based on Law on Encouragement and Support of Foreign Investors (approved on 2002-03-10). ³⁹⁴

Article. 15- Organization for Registration of Deeds and Properties should conduct the following measures after receiving request of authorities and based on bylaw approved by following measures:³⁹⁵

Two-Cabinet Pick up:

0-10 million IRR of retailing value up to 10 percent

-10 million IRR of retailing value up to 15 percent

-10 million to 15 million IRR: 25 percent

-15 million to 20 million IRR: 40 percent

-20 million to 35 million IRR: 60 percent

-30 million and higher: 25 percent for each additional 25 percent

Mini-bus: exempted

Bus: exempted

Chassis of pick-up, truck and trailer: exempted

Motorcycle: exempted

Bicycle: exempted

Road development machineries: exempted

*2-Based on Law for Establishment of Ministries of Cooperatives, Labour and Social Welfare and Industry, Mine and Trade (passed on 2011-06-29), the term “Ministry of Industry and Mine” was substituted by “Ministry of Industry, Mine and Trade”

³⁹³ Refer to Executive Bylaw of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran passed by Board of Ministers on 2006-05-22.

³⁹⁴ To read the law, refer to National System of Regulations of Islamic Republic of Iran available at www.dotic.ir.

³⁹⁵ Refer to Approval Letter of Law on Registration of Companies and Industrial and Intellectual Rights in Free Trade-industrial Zones of Islamic Republic of Iran passed by member ministers of Supreme Council of Free Zones on 1995-04-24.

A-Registration of company and/or representative or companies that intend to involve in the zone, determining share of participation of domestic and foreign shareholders and registering material shares and intellectual properties

B-Division and categorization of lands and properties located on the zone based on request and comments of authority and issuing distinct ownership licenses based on current regulations of Iran

Part. 5-Miscellaneous Regulations

Article. 16-The affairs concerning recruitment of human resources, occupational relations, insurance and social security in the zone will be based on approved and current regulations in free trade-industrial zones. ³⁹⁶

Article. 17-Any assigned rights of real and legal rights, before establishment of the zone, will be valid and based on comprehensive development plan of zones, their activity will be permissible.

Article. 18-Ministries, organizations, entities and public institutes as well as government-related associates should satisfy relevant regulations and offer essential services such as electricity, water, communication, fuel and others based on existing facilities and fees for that zone.

Article. 19-Existing zones will be subjected to this law and authorities in charge of special economic zones established before this law should align themselves with it in the next year (i.e. 1 year from date of approval).

Article. 20-The area of special economic zones are not subject to customs regulations of Islamic Republic of Iran and customs organizations should be established in terminals for enforcing export and import regulations based on article 8 of current law.

Article. 21-Activities inside each zone, except for cases mentioned in this law, will be subject to other regulations of Islamic Republic of Iran³⁹⁷

³⁹⁶ A-Refer to Law on Recruitment of Human Resources, Insurance and Social Security in Free Trade-industrial Zones passed on 1994-05-09

B-From Ruling 7/1321 (2009-05-23): Based on article 16 of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005-06-01) and article 17 of its bylaw (passed on 2006-05-22 by member ministers of Supreme Council of Free Trade-industrial Zone), affairs concerning recruitment of human resources, insurance and social security, conditions of job, and entities for resolving conflicts should be regulated based on Law on Recruitment of Human Resources, Insurance and Social Security in Free Trade-industrial Zones (subject of approval letter T25K/ 33433 passed on 1994-06-06). Therefore, regarding entities for resolution of conflicts it should be noted that based on chapter 9 of Labor Law of Islamic Republic of Iran (passed on 1991-03-05) the Expediency Discernment Council is not authorized to resolve conflicts between workers and employers.

Article. 22- Governmental authority in charge of a zone could assign buildings and lands of the zone based on expert's nominated price for such properties. 398

Note-Transfer of ownership of lands, as addressed in this article, by real or personal persons is conditional upon attention to land use and offering "Work Completion Certificate" which is issued by authorities of the zone.

Article. 23-Since date of approval of this law, in areas where authorities in charge are governmental or state-dependent all legal rights and duties of Ministry of Agricultural Jihad and Forests and Pastures Organization in regard to affairs associated with lands and natural resources of each zone will be assigned to authority of that zone.399

Article. 24-Imposing sovereignty affairs is taken into account by the state.

Article. 25-Executive bylaw of this law should be developed and suggested by Ministry of Economic Affairs and Finance as well as Ministry of Industry, Mine and Trade, Management and Planning Organization of Iran and secretariat of Supreme Council of Free Zones and approved by Board of Ministers. 400 401

³⁹⁷ From Ruling 7/1321 passed on 2009-05-23: Based on article 21 of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005-06-01) all activities of the zone (except for those activities explicitly mentioned by law) is subject to other regulations of Islamic Republic of Iran. Therefore, Law on Annual Rewards of Workers of Workshops Covered by Labor Law (passed on 1992-02-25) suggests that worker employed in free zones could be exceptions. In addition, paragraph 4 in article 10 of Bylaw of Wages and Salaries of Workers of Authorities of Free Trade-industrial Zones of Islamic Republic of Iran (passed by member ministers of Supreme Council of Free Trade-industrial Zones of Islamic Republic of Iran on 1997-06-24) as well as approval letter non 18432/61432 passed on 1997-08-02, annual reward of employees will be subject to Labor Law and reward at the end of the month will be equivalent with 1 month of wage.

*1-It should be noted that the bylaw was cancelled based on approval letter passed on 1999-02-24.

³⁹⁸ Note to Article 27 of Financial Bylaw of Aerial Post and Communication Companies (passed on 2008-05-04): Sale of lands in Payam Special Economic Zone will be subject to regulations concerning special economic zones.

³⁹⁹ Ruling 7/2584 (passed on 2008-07-23): Based on Law on Establishment and Administration of Special Economic Zones (passed on 2005-07-31) all legal rights and obligations of Ministry of Agricultural Jihad and Organization of Forests, Pastures, Lands and Natural Resources of each zone were allocated to authorities of free zones. Filing lawsuits and other measures should be undertaken by authorities in charge of zones.

⁴⁰⁰ Based on Law for Establishment of Ministries of Cooperatives, Labour and Social Welfare and Industry, Mine and Trade (passed on 2011-06-29), the term "Ministry of Industry and Mine" was substituted by "Ministry of Industry, Mine and Trade".

⁴⁰¹ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic

Law on Establishment of One Free Trade-industrial Zone and Twenty Three Special Economic Zones

Passed on 2010-09-26

Article. 1-The government is permitted to establish a free trade-industrial zone in Maku Town.

All activities addressed in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1993-08-29) and its further amendments will be permissible in Maku Free Trade-industrial Zone (the expanse of which is detailed in the map).⁴⁰²

Note. Government should make essential arrangements for integration of regulations concerning importation of bags through travelers from free zones to other parts of the country.

Article. 2-The government is permitted to establish special economic zones in Sistan va Baluchestan (Sistan), Kurdistan (Marivan), Southern Khorasan (Birjand), Fars (Lamord, Neyriz, and Kazarun), Razai Khorasan (Dogharun), Western Azerbaijan (Salmas), Isfahan (Kashan), Chaharmahal va Bakhtiari (Shahrekord), Tehran (Rey), Hamedan (Jahan Abad), Golestan (Atrak), Busher (Bushehr Economic Zone), Semnan (Damghan and Semnan), Kermanshah (Islamabad Gharb), Ardebil (Namin), Khuzestan (Imam Khomeini Port), Mazandaran (Noshahr), Ilam (Mehran) and Kerman (Jazmurian and Rafsanjan). ⁴⁰³These zones should be established in areas approved by Board of Ministers.⁴⁰⁴

zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

⁴⁰² Refer to approval letter concerning determination of limits of Maku Free Trade-industrial Zone (passed by Board of Ministers on 2010-05-09) which is included in this collection.

⁴⁰³ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

⁴⁰⁴ Refer to following approval letters included in this collection:’

1-Determination of Authority in Charge, Area and Subject of Activity of Special Economic Zones of Dogharon, Rafsanjan, Jazmurian, Imam Khumeini Port, Noshehr Port, Shahrekord, Islam Abad Gharb, Mehran, Salmas, Atrak, Damghan, Semnan, and Lamord (passed on 2011-04-18)

2- Determination of Authority in Charge, Area and Subject of Activity of Special Economic Zones of Sistan (Ramshar), Namin, Kazarun, Kaveh, Bojnord, Lavan Parsian, and Baneh (passed on 2011-09-13)

These zones will be ministered based on Law on Establishment and Administration of Special Economic Zone of Islamic Republic of Iran (passed on 2005-06-01),

Law on Establishment of New Special Zones

Passed on 2010-12-19

Article. 1-The government is permitted to establish special economic zones in Hormozgan (Parsian and Lavan), Yazd (Folad Ardakan and Sadogh), Markazi (Kaveh, Zarandieh, Iranian), North Khorasan (Bojnord), Razavi Khorasan (Sabzevar and Kashmar), Lorestan (Brojerd), Gilan (Lahijan), Fars (Jahrom), Kermanshah (Ghasr Shirin), Isfahan (Shahreza), Semnan (Garmsar), Kurdistan (Baneh), Eastern Azerbaijan (Sarab and Bostan Abad), Sistan va Baluchestan (Mirjaveh, Zahedan), Hamedan (Malayer) and Khuzestan (Shush). 405 These zones should be administered based on Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2004).

Law on Establishment of Special Economic Zones of Sahand Maraghe, Astara and Sahalan

Passed on 2010-12-19

Article. 1-The government is authorized to establish special economic zones in Eastern Azerbaijan (Sahand Maraghe and Sahalan) and Gilan (Astara) within areas approved by Board o Ministers.406 407

3- Determination of Authority in Charge, Area and Subject of Activity of Special Economic Zones of Birjand, Sabzevar, Zarandieh, and Jahrom (passed on 2012-03-10)

4- Determination of Authority in Charge, Area and Subject of Activity of Special Economic Zones of jahan Abad, Rey and Sahalan (passed on 2012-03-10).

⁴⁰⁵ Refer to approval letters concerning "Determination of Authority in Charge, Area and Subject of Activity of Special Economic Zones" included in this set.

⁴⁰⁶ Based on approval letter of Law on Establishment of Supreme Council of Free Trade-industrial and Special Economic Zones (passed by Board of Ministers on 2013-08-25) included in this section, authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran with further amendment (included in this section) passed on 1994 (except for note 2 in article 1 of the law) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005; except for note. 2 in article 1 of the law) and other regulations concerning free trade-industrial and special economic zones were assigned to minister members of Supreme Council of Free Trade-industrial and Special Economic Zones.

These zones should be administered based on Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2004).

Relevant Regulations



From Law on Value Added Tax⁴⁰⁸

Passed on 2015-03-15

Article. 52-Since enforcement of this law, amendment of certain articles from Law of Third Cultural, Social and Cultural Development Plan of Islamic Republic of Iran, Law on Determination and Charge of Fees from Manufacturers of Goods, Providers of Services and Imported Goods (passed on 2002) and other relevant regulations, receiving indirect tax and fees on import and production of products and provision of services was cancelled and charging any type of indirect tax and fees from manufacturers and importers of goods and providers of services will be forbidden. This ruling will dominate all public regulations that require to be explicitly referred too. The following regulations are exceptions:

3- Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1993-08-29)

4- Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005-11-26)

From Law on Administrative Health Promotion and Anti-Corruption⁴⁰⁹

Passed on 2008-05-18

⁴⁰⁷ Refer to approval letter concerning “Determination of Authority in Charge, Area and Subject of Activity of Special Economic Zones of Jahan Abad, Rey and Sabalan” (passed on 2012-03-10).

⁴⁰⁸ Duration of trial enforcement of above law was extended until late 2015 based on note. 9 of Law of 2015 Budget of Iran (passed on 2015-03-15),

⁴⁰⁹ Law on Administrative Health Promotion and Anti-Corruption (Passed on 2008-05-18) was confirmed by Expediency Discernment Council. The trial period for enforcement of this law is 3 years.

Article.9-Ministry of Economic Affairs and Finance should:

D-Develop, within 1 year from approval of this law, a certain strategic plan for border markets, free zones, special trade zones and special economic zones as well as distinctive wharves. The law should be approved by Board of Ministers.⁴¹⁰

From Law on Support of Companies, Knowledge-based Institutions and Commercialization of Innovations

Passed on 2010-10-27

Article. 1-Knowledge-based companies and institutes are private companies or institutes that are established for synergy of knowledge and wealth, development of knowledge-based economy, realization of scientific and economic objectives (development and use of different innovations), and commercialization of results of research and innovation (design and development of goods and services), and involvement in high technologies with significant value added such as software development.

Note-Governmental companies and NGOs as well as companies which are owned for more than 51 percent by governmental companies and NGOs will not be covered by this law.

Article. 3-Supports and loans awarded to knowledge-based companies addressed by this law are:

J-Prioritization of establishment of research, technological, engineering and manufacturing units of knowledge-based companies covered by this law in science and technology parks, development centers, special economic zones and special science and technology zones

From Law for Fifth Development Plan of Islamic Republic of Iran (2010-2015)⁴¹¹

Passed on 2011-01-05 with Further Amendments

Article. 112-In order to organize free and special economic zones, play an effective role in realization of objectives of 20-Year Vision Plan, apply integrated management and create proper economic development in these zones and generate effective interaction of national economy with global economy and offer national development model in different sectors

⁴¹⁰ Above approval law had not been approved till date of composing this collection.

⁴¹¹ The law was approved by Expediency Discernment Council of the System on 2011-01-15.

B-Produced or processed goods in free zones and special economic zone will be regarded as domestic production in proportion to sum of value-added and value of raw materials and domestic parts. Therefore, they are exempt from paying importation fees.⁴¹² 413

Note. 1-Raw materials and foreign intermediate goods used in production are, conditional upon paying importation fee, are regarded as raw materials and domestically made products. 414

Note. 2-Raw materials and foreign parts made abroad which are used in goods manufactured or processed in free zones and special economic zones but imported from other parts of the country will be regarded as raw materials. Consequently, they are exempt from paying importation fees.⁴¹⁵

H-In order to promote scientific associations with international educational and research centers and institutes, establishing representatives of major Iranian and foreign universities (as defined by relevant ministries) and private universities in free trade-industrial zones and special economic zones is permissibly if relevant regulations are satisfied.

Article. 166-In order to promote position of Iran in terms of international air transportation network, increase of income of transit and transportation of goods and travelers, generate productive employment and turning International Imam Khomeini Airport to first cargo transportation pole of the region and second pole of transportation of travelers, emphasize organizational, financial and managerial independence of this airport and create a stable flow of financial flow, government should conduct the following measures:

Establishing an airport city in the area of International Imam Khomeini Airport, establishing free trade zone and special economic zone in some lands of airport to offer banking and insurance services and other relevant services of airport cities such as tourism, medical treatment and entertainment.

Note-The area of free trade zones and special economic zones starts from southern and western corners of Imam Khomeini Airport to adjacent 1500 and 2500 hectares respectively. Administration of airport city was assigned to a governmental subsidiary of Iran Airports

⁴¹² Article 3 of Law of Value-added Tax (passed on 2008-05-06): In this law, value added is difference between value of offered goods and services and purchased goods and services in a definite period of time.

⁴¹³ Note D in Article 1 of Law of Customs Affair (passed on 2011-11-13): Importation fee refers to customs fee (4 percent) of value notified to customs office plus trading profit that are determined by Board of Ministers. In addition, fees that customs office should charge to issue permit of final importation will be included in value-added.

⁴¹⁴ Refer to footnote no. 423.

⁴¹⁵ Refer to footnote no. 423.

Company. Articles of association⁴¹⁶ for the subsidiary will be suggested by Ministry of Road and Urban Development and approved by Board of Ministers.⁴¹⁷ 418

B-Establishment of required infrastructure by prioritization of establishing second phase of International Imam Khomeini Airport.

From Law of Customs Affairs

Passed on 2011-11-13

Article. 1-The customs-related notions used in this law are based on the definitions that Customs Cooperation Council offered unless alternate definitions are offered in following paragraphs:

A-Notice of Goods: Written or oral statement which determines customs procedure for a definite good based on dominating rules on declarer. In the statement, information required for enforcement of customs regulations is offered.

B-General Notice: A document based on which transportation company offers a general list of cargoes to be loaded or unloaded. The notice is delivered at entry or exit terminals of vehicles.

C-Customs Area: A part of national customs are where Law of Customs Affairs is applied.

D-Importation Fee: Importation fee refers to customs fee (i.e. 4 percent of customs value) plus trading profit which is determined by Board of Ministers. In addition, based on the law, relevant customs organization is in charge of receiving the fee but it does not include service costs.

E-Recipient Entity: A legal person that, based on relevant regulations, is in charge of delivering and maintaining goods belonging to the public for which customs formalities have not been done. These goods are maintained in areas under surveillance of relevant customs offices. This notion does not cover Organization for Collection and Sale of Confiscated Properties.

Article. 18-When vehicle enters customs area, transportation companies should compose two copies of notice letter. To each of these copies, a list of cargoes and bills of landing will be attached and delivered to the customs offices that receive goods. If vehicle is empty, a general notice in which emptiness of vehicle is noted should be issued. The notice should be in Persian

⁴¹⁶ Refer to articles of association of Imam Khomeini Airport City Company passed by Board of Ministers on 2014-04-13 which is available online in National System of Regulations of Islamic Republic of Iran as available in www.dotic.ir

⁴¹⁷ Based on Law of Establishment of Ministry of Road and Urban Development (passed on 2011-06-21), the term “Ministry of Road and Transportation” was substituted by “Ministry of Road and Urban Development.”

⁴¹⁸ At the moment, Planning and Management Organization of Iran

and based on the sample that Customs Office of Iran develops in coordination with recipient entities. The document should be devoid of errors and ambiguity.

Note. 1-Responsibility of transportation companies, when composing and developing general notice, is limited to content detailed in bills of landing when sealed packages are concerned. The cargo inside containers loaded and sealed by forwarder of goods will be regarded as a sealed packages.

Note. 2-Regulations included in this article does not cover goods imported from free trade-industrial zones and special economic zones into customs area.

Article. 24-

Note. 4-Determination of deadline for cessation of transit of goods in free zones and special economic zones should be done by authorities in charge of such zones. The goods with expired deadlines will be covered by regulations of abandoned good.

Article. 60-

Note. 4-In order to exploit capacity of empty areas of customs and special economic zones and reduce period of maintenance of goods in entry terminals, relevant customs organization should approve transit of goods into customs and special zones after receiving a request from authority in charge. Evidently, the zone should undertake costs initially and then receive the costs from owner of goods if he/she visits the zone. Responsibility for protection and maintenance of goods should be undertaken by transiting agent and recipient entity.

Article. 66-Importation fees charged for imported goods which are re-exported abroad without modification and consumption materials and foreign packaging instruments and machineries used in production or packing goods for export should be returned to exporter.

Note. 1-Goods transited to free zones or special economic zones for exportation will be subject to refunding regulations if relevant regulations demand so.

Note. 2-Importation fees for catalysts of chemical reaction should be refunded. However, machineries and lubricants that contribute to production of goods for export will not be subject of refunding regulations.

Note. 3-Refunding could be requested by other persons that importer of relevant goods.

Note. 4-Deadline for request of importation fees of items used in goods for export is 3 years from date of signing license of importation or date noted on customs notice. The very date of issuing such documents will not be considered in calculation of deadline.

Article. 67-In order to facilitate identification and matching of imported goods and materials used in goods for export, the exporter should deliver exportation notice and announces name of returned goods as well as license of importation to customs office. The relevant customs office should proceed formalities of evaluation of goods completely and notifies the results in exportation notice.

Note-The documents and papers that customs office requires should be determined in executive bylaw of current law for going through steps of refunding fees.

Article. 68-Refund will be determined based on customs value and importation fees detailed in customs documents. If some of fees are received by organizations other than customs, the customs office and other charging entities should annually assign a budget for refunding charged fees.

Article. 69-If domestically produced items are sold to certain persons who have exemptions for importation of foreign and similar goods, the fees paid for importation of goods, materials and tools for production of certain items should be refunded to the buyer.

Article. 76-The term “traveler” in this law refers to a person who enters customs area through permitted pathways by showing passport or traffic permit. The following persons are not regarded as traveler:

Non-resident person who temporarily enters customs area or exits it.

Resident in Iran who enters another customs area from customs area of a foreign country (foreign traveler).

Note. 1-The travelers who go out of customs area and enter free and special economic zones are not subjected to regulations of this article. In the case they go out of Iran from such zones, they have to notify what they carry to nearest customs organization.

Note. 2-Conditions and formalities for notification and evaluation of items and determination of extent to which travelers’ goods are exempt from fees and taxes will be determined in relevant executive bylaw.

Article. 158-Except for cases raised in this law, terms of importation and exportation of good, maintenance and modification, delivery and limitations in free zones and special economic zones will be based on relevant regulations.

From Law on Authorities and Tasks of Ministry of Oil

Passed on 2012-05-08

Article. 1-For realization of general policies of Islamic Republic of Iran in oil and gas sector, making policies, developing strategies and surveillance of all upstream and downstream

operations of oil, gas, petrochemical and refining industries, Ministry of Oil represents Islamic government in imposing rights of sovereignty and public ownership.

Article. 3-Duties and authorities of Ministry of Oil are:

....

C-Executive Affairs

.....

6-Identification, division and suggestion of proper lands for development of free and special economic zones and activity of oil, gas, petrochemical and refining industries in such zones based on land use plans and supportive and surveillance policies, as well as administration of oil and gas industries operating on these zones.

From Law of 2015 Budget of Iran **Passed on 2015-03-15**

Note. 9-

J-Management and Planning Organization of Iran should monitor the budget of authorities of free zones and special economic zones for 2015 and annex the budget of these zones to Law on 2015 Budget of Iran (annex 3).⁴¹⁹

International Agreements



⁴¹⁹ Refer to approval letter for 2015 Budget of Authorities of Free Trade-industrial Zones of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku (passed by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2015-03-18).

From Law of Agreement on Long-term Economic, Trade, Scientific, Technical, and Cultural Cooperation between Islamic Republic of Iran and Turkmenistan

Passed on 2003-05-13

2-Main Areas of Cooperation

Economic-Trade:

The involved parties express their satisfaction of current economic and trade cooperation. They recognize that development of cooperation in this sector could play a significant role in development of association between involved parties and consequently, they agree on the following measures:

....

4-The involved parties announced their readiness to enhance active cooperation in free trade-industrial zones of the two countries.

5-The Iranian party agreed to make all necessary arrangements for permitting Turkmen party use capacity and means of free trade and special economic zones of Islamic Republic of Iran in terms of establishing representative branches by economic entities of Turkmenistan, participation in establishment of transportation companies, permanent shows and independent and joint investment companies in manufacturing, trade and service sectors of such zones.

Executive Bylaw for Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran⁴²⁰

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones with Further Amendments

Article. 1-In this bylaw, the following abbreviated terms are used:

⁴²⁰ -The relevant bylaw was numbered H35361T/34186 and enforced on 2007-05-27.

A-Country: Islamic Republic of Iran

B-Customs: Customs Organization of Islamic Republic of Iran

C-Supreme Council: Supreme Council of Free Trade-industrial and Special Economic Zones

D-Secretariat: Secretariat of Supreme Council of Free Trade-industrial and Special Economic Zones

E-Law: Law on Establishment and Administration of Special Economic Zones 421

F- Zone: Special Economic Zone

G: Authority: Governmental and non-governmental legal person determined based on suggestion of secretariat of Supreme Council that takes responsibility of administering the zone.

Article. 2-Comprehensive plans of zones are developed by authority of the zone which are suggested by secretariat and developed by Supreme Council.

Article. 3-Justification report and draft of Law on Establishment of New Special Economic Zones was developed by secretariat, approved by Supreme Council and offered to Board of Ministers.⁴²²

Article. 4-The manager of zone should be assigned by relevant authority of the zone.

Article. 5-Determination of authority in charge is dependent on possession of required lands before Board of Ministers issues relevant licenses.

Article. 6-In addition to services that executive bodies offer, authority of the zone could charge real and legal persons for public, infrastructure, and engineering, traffic, storage, health, cultural, communication, educational and entertainment facilities that operate in the zone. The tariffs should match relevant services and contribute to competitive position of each zone. The amounts of such fees should be determined by the zone and confirmed by Supreme Council. In next 1 month, the council should review, modify and approve relevant tariffs. Otherwise, suggested tariffs should be regarded as final ones. ⁴²³

Note. 1-Satisfaction of regulations of engineering system and use of engineering consultation services that could comply with technical qualifications are necessary.

⁴²¹ The law was passed on 2005-06-01.

⁴²² Refer to Law on Establishment of New Special Economic Zones passed on 2010-12-19

⁴²³ Refer to approval letter for determination of service fees for 2012 for authorities of special economic zones (passed on 2013-11-24) that was approved by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones which is available online at www.dotic.ir

Note. 2-Authorities of zones should make essential opportunities and arrangements for non-governmental sector to offer necessary services. In this case, tariff for such services should be determined and enforced by authorities of zones.

Article. 7-The authority in charge of the zone should satisfy policies and regulations of the government when it receives license of operation.

Note: In the case that licenses issued by authority do not match governmental policies and regulations, the authority will be in charge of compensation of probable losses that real and legal persons undergo.

Article. 8-Trades of these zones with foreign countries or other special economic and free trade-industrial zones are allowed but do not require customs procedures and any other formalities.

Note: Guarantee offered by authorities of zones should be annually accepted by Customs Organization of Iran.

Article. 9-The goods imported from other parts of Iran into the zone for repair or assembly that are finally re-exported into the mainland will be covered by importation fees in proportion to value of parts and raw materials that are made in foreign countries.

Article. 10-Exportation of goods imported from foreign countries abroad and returning goods imported from other parts of the country to the mainland could be done without conducting formalities and solely through receiving license from authority if specifications of such goods are detailed and offered.

Article. 11- Raw materials and foreign parts imported into the zones for processing, conversion, completion or repair will be subject to regulations of temporary importation. After conducting necessary steps, if they these materials and parts are used in the zone no declaration notice or exportation notice will be needed and minimum customs formalities should be imposed for them.

Article. 12-Transportation institutes and owners of vehicles should, as vehicle enters a zone, offer original copy or a second copy of bill of landing for goods being carried along with list of all of the goods entering the zone so as to facilitate legal surveillance measures.

Article. 13-Determination of value-added, based on article 11 of the law⁴²⁴, should be done by a committee the members of which are representatives of Ministry of Industry, Mines and

⁴²⁴ Refer to Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2005-06-01) which is available in this collection too.

Trade⁴²⁵, Central Bank of Islamic Republic of Iran, Secretariat and relevant authority. The meetings should be formed in location of the secretariat. 426

Note (Amended on 2007-11-04): Total value-added and value of raw materials and domestically produced parts used in manufacturing goods are determined by above committee. These goods are exempt from paying importation fees when they are imported to other parts of the country.

Importation of raw materials and parts made abroad which are used in produced or processed goods will be conditional upon paying importation fee and after paying such fees, they will be regarded as raw materials and domestic parts made in Iran.

Note. 2-Importation of goods with higher value added that are produced in the zone to be exported to the mainland is permissible is importation fees are charged in proportion to raw materials and parts made abroad.

Article. 14-Deadline for stopping importation of goods into the zone will be determined by authority of the zone. The authority could determine deadline for period of maintaining goods at the time of issuing receipt for goods received into relevant storage facilities. In this case, the owner should be notified that if he/she/it cannot receive the stored goods before a deadline, a warning notice will be issued in 1 month from deadline and posted to residence of owner of goods. The authority could independently enforce relevant regulations.

Note-Owner of goods is a real or legal person, its representative or person in charge of transportation. The name of such person should be on manifest of goods, receipt of storage facility or declaration notice.

Article. 15-Registration of companies or representatives of companies that intend to participate in the special economic zone, regardless of share of foreigners or Iranians as well as registration of financial and intellectual properties of the zone, should be requested by relevant authority and done by Deeds and Properties Registration Office. This should be done in accordance with regulations of registration of companies and industrial and intellectual properties in free trade-industrial zones of Islamic Republic of Iran (as detailed in approval letter no. K15011T/21453 passed on 1995-05-20). 427

Note-In special economic zones, all authorities and obligations detailed in paragraphs 3 and 6 of article 1 and articles 2 and 3 will be assigned to Deeds and Properties Registration Office.

Article. 16-Division of lands and allocation of properties and issuance of ownership documents in the zone should be requested by authority of the zone and done by Deeds and Properties

⁴²⁵ At the moment, Ministry of Industry, Mines and Trade

⁴²⁶ At the moment, Ministry of Industry, Mines and Trade

⁴²⁷ Refer to approval letter passed on 1995-04-24 which is included in this collection.

Registration Office. Transfer of ownership of lands and properties in the zone between real and legal persons should be notified to relevant authority and these measures should satisfy relevant regulations.

Note-Issuance of distinct ownership documents should be done after issuing project completion notice issued by relevant authority.

Article. 17-Affairs concerning recruitment of human resources, occupational relations, social security, job contract, occupational conditions and entities for resolution of conflicts should be addressed based on Law on Recruitment of Human Resources, Insurance and Social Security in Free Trade-industrial Zones (detailed in approval letter K25T/33433 on 1994-06-06 with further amendments).⁴²⁸

Note-In above-mentioned approval letter, the term “Free Trade-industrial Zones” was substituted by “Special Economic Zones”.

Article. 18-Authorities of free zones should forward their monthly import-export statistics to Ministry of Commerce, Central Bank of Islamic Republic of Iran and relevant secretariats. ⁴²⁹

Article. 19-In order to realize objectives and missions, relevant secretary should impose complete surveillance on performance of zones and offer 6-monthly reports to Supreme Council. The zones should be responsible to Supreme Council in regard to their performance.

Note-In order to enforce this legal obligation, secretary should review all relevant documents of authority such as books, files, contracts and correspondences. The authority should cooperate with secretariat.

Article. 20-Cases not addressed in this law and its bylaw will be addressed based on import-export and customs regulations. ⁴³⁰

Bylaw of Establishment of Special Economic Zones

Passed by Member Ministers of Coordination Council of Free Trade-industrial and Special Economic Zones on 2014-03-11

With Further Amendments ⁴³¹

⁴²⁸ This approval letter was passed on 1994-05-09 which is included in this collection.

⁴²⁹ At the moment, Ministry of Industry, Mines and Trade

⁴³⁰ Law of Establishment of Special Economic Zones of Islamic Republic of Iran (passed on 2005-06-01) which is included in this collection.

⁴³¹

Article. 1-In this bylaw, following abbreviated terms have been used:

A-Council: Coordination Council of Free Trade-industrial and Special Economic Zones

B-Zone: Free Trade-industrial Zones that are established based on relevant regulations.

C-Secretariat: Secretariat of Coordination Council of Free Trade-industrial and Special Economic Zones

D-Applicant: A governmental legal person that demands establishment of such zones.

E-Justification Plan (Initial Studies): The plan includes basic studies concerning economic, historical and cultural advantages along with estimation of costs of operation and supply of financial resources required along with schedule and review of schedule and influence of zone on local and national economy, identification of market of target countries for supply of raw materials and exportation of goods made and their influence on cultural, social and environmental measures and standards.

F-Comprehensive Plan: A long-term plan in which regulations concerning use of lands and zoning of residential, cultural, educational, industrial, commercial, and agricultural lands as well as civil facilities and public requirements of the zone, communication lines, and airports, optimization and prioritization of historical buildings and natural landscapes are detailed. The plan is developed in accordance with regional and zone-specific plans of Supreme Council of Urban Development and Architecture.

G-Infrastructure: Set of facilities and requirements for establishment of zones based on geographical position of the area in terms of transportation sectors (aerial, land and maritime), energy, communication and IT

H-Area of Zone: Geographical area which is under sovereignty and regulations of authority.

Article. 2-The process for establishment of each zone includes following steps and formalities:

Developing a justification plan, locating map and other documents required by secretariat.

Offering unconditional agreement of executive bodies that offer infrastructure-related services and other legal entities,

Review of documents and justification plan by secretariat

Offering final evaluation plan for establishment of zone to secretary of council

Plan for establishment of zone in the council based on decision of council secretary

Article. 3-Concurrent with suggestion concerning feasibility of establishing a new zone, it is necessary to introduce suggested authority. In order to enforce article 19 of Executive Bylaw of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of

Iran (addressed in approval letter no. K35361T/34186 passed on 2007-05-27), the applicant should conduct following measures:

Offering justification report

Developing comprehensive plan for the zone in 1 year from notification of approval of council

Offering valid financial documents concerning financial abilities of applicant (ability to supply at least one third of costs of infrastructure) and offering previous experiences in managerial and executive domains

Preparation and development of infrastructure in 20 percent of the whole area in first two years of activity

Reporting performance of the zone within delimited area in 1 year by authority in charge and its review by secretariat so that future actions could be determined

Offering monthly report of progress of preparation measures since fencing of the zone to last step of preparation

Establishment of support service centers after approval of the zone

Approval of governancy and commitment of the entity to support the zone

Article. 4-Locating lands within the zone should be done in a way that satisfies upstream documents, reasons behind establishing the zone, natural conditions and potential facilities.

Note. 1-Offering relevant documents and evidence by non-governmental authority in charge concerning ownership of lands located in the suggested zone is essential based on note 2 in article 3 of Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (passed on 2004).

Note. 2-Minimum area required for establishing the zone will be determined based on justification plan and land use.

Article. 5-The documents and evidence required are:

Name of the zone, location map and suggested area and position of the zone (directions and position in relation to surrounding cities), and types of permissible activity (note 1 in article 1 of Law on Establishment and Administration of Special Economic Zones)

Official admission of authority in charge by legal person who applies and offering articles of association (preferably capable private sector in financial and technical terms which can offer record of past experiences, financial turnover and evidence concerning obtaining a capital which is least one-third of costs of establishing infrastructure in intended area).

Infrastructure networks (official agreement of local entities and organizations by offering required services as detailed in the following):

Explicit and unconditional agreement of Water and Sewage Company of relevant province or zone with establishing water lines

Explicit and unconditional agreement of Electricity Distribution Company of relevant province or zone with supplying power

Explicit and unconditional agreement of Tele-communication Company of relevant province with establishment of required communication and IT infrastructure

Explicit and unconditional agreement of Central Road and Urban Development Office of relevant province with establishment of traffic infrastructure (land, maritime and aerial) per case.

Explicit and unconditional agreement of Ministry of Oil with supplying energy

Offering confirmatory documents and evidence concerning possession (or official assignment of relevant governmental entities) and taking possession of lands in the area of special economic zone for non-governmental authority in charge and official agreement of relevant entities with assignment of lands to governmental authority in charge

Explicit agreement of Armed Forces General Staff

Explicit agreement of Customs Organization with establishment of customs offices in the zone

Note. 1-If required documents and evidence are partial, ambiguous and without necessary information, a deadline will be determined so that applicant could address the problem. If within the deadline, applicant cannot address the problems the application will not be reviewed by secretariat anymore.

Note. 2 (Amended on 2014-08-17): After receiving legal license for establishing the zone and notification of license concerning limits, authority in charge, and economic trend, operation license will be issued by relevant secretariat after development of necessary infrastructure.

From Executive Bylaw of Note 5 in Amendment to Paragraph A in Article 3 of Law on Enforcement of General Policies of Article 44 of the Constitution

Passed by Board of Ministers on 2013-09-21

Article. 1-In this bylaw, the following abbreviated terms will be used:

A- Organization: Iran Small Industries and Industrial Parks Organization (ISIPO)

B-Subsidiary Provincial Unite: Subsidiaries of Iran Small Industries and Industrial Parks Organization (ISIPO)

C- Sovereign Duties: A type of activity conducted by industrial companies based on article 8 of Law on Civil Service Management and developmental duties determined in Note 5 in Amendment to Paragraph A in Article 3 of Law on Enforcement of General Policies of Article 44 of the Constitution.

Article. 2-Surveillance- related duties of provincial units, as development organizations, will be as detailed in the following:

....

10-Establishment and administration of special economic zones that are legally undertaken by provincial units.

1-Regulations concerning import, export and customs affairs of Free Trade-industrial Zones of Islamic Republic of Iran passed by member ministers of Supreme Council of Free Zones (passed on 1994-05-09).

2-Law on Recruitment of Human Resources, Insurance and Social Security in Free Trade-industrial Zones of Islamic Republic of Iran (passed by member ministers of Supreme Council of Free Zones on 1994-05-09) with further amendments

3-Guidelines and executive methods for Bylaw of Charging Fees in Free Trade-industrial Zones (passed on 1994-10-01 by member ministers of Supreme Council of Free Zones)

5-Law on Registration of Companies and Industrial and Intellectual Rights in Free Trade-industrial Zones of Islamic Republic of Iran (passed by member ministers of Supreme Council of Free Zones on 1995-04-24) with further amendment

6-Executive Bylaw of Comprehensive National Law of Tobacco Control (passed by Board of Ministers on 2007-09-23).

7-Law on Establishment and Activity of Insurance Institutes in Free Trade-industrial Zones (passed by Board of Ministers on 2000-08-23)

8-Executive Bylaw of Provincial Council of Planning and Development (passed by Board of Ministers on 2011-10-12)

9-Executive Bylaw of Law of Customs Affairs (passed by Board of Ministers on 2013-02-24)

10-Executive Bylaw of Law of Mines (passed by member ministers of Mines Development Working Group on 2013-07-02)

Approval Letters



From Approval Letter on Permission to Acquire War Risk Insurance by Iran Insurance Company⁴³²

Passed by Board of Ministers on 1985-10-16

1-Iran Insurance Company could conduct the following measures for acquiring war risk insurance based on paragraph 3 of current approval letter:

A:....

H (Amended on 2001-01-15): Goods imported into special protect zones based on note 20 of Law of First Economic, Social and Cultural Development Plant of Islamic Republic of Iran (passed on 1990-01-16) 433

⁴³² This approval letter was numbered 56700 and enforced on 1985-11-12.

⁴³³ Refer to footnote no. 380.

2-An organization that introduces certain items for insurance coverage to Insurance Company should act responsibility against insurance fees and pay the relevant fees.

3-(Amended on 1990-08-26): In the case of losses of insured items detailed in paragraph 1 of present approval letter exceeds 95 percent of received insurance fees of the year (considering annual reserves), Iran Insurance Company could use deposit detailed in paragraph 4 of approval letter in a provisional manner. Then, after including the amount in next law of budget and payment of the amount to Iran Insurance Company the amount could be returned. Iran Insurance Company could issue guarantees required based on paragraphs 1 and 4 of present approval letter.

4-Central Bank of Islamic Republic of Iran, if requested by Iran Insurance Company, could increase the amount of deposit addressed in approval letter passed by Board of Ministers (on 1982-12-08) up to 300 million USD. 434

7 (Amended on 1990-08-26): Iran Insurance Company is authorized to determine fee for war risk insurance if it does not exceed 30 percent of insurance fee in global market and typical insurance rate during period of peace. In the case of agreement, Ministry of Economic Affairs and Finance is responsible for determining insurance fee up to 50 percent of the fee in global markets. Iran Insurance Company faces no must in assigning insurance items addressed by current bylaw to reinsurance.

Determining Area of Sarakhs Special Economic Zone⁴³⁵

Passed by Board of Ministers on 1996-03-16

The area of Sarakhs Special Economic Zone is determined based on annexed map and “Astan Qods Razavi” is authority in charge of the zone.

(Amended on 1996-12-14)-Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as necessary regulations.436

⁴³⁴ This refers to Approval Letter on War Risk Insurance of Ships rented by Shipping Company of Islamic Republic of Iran (passed by Board of Ministers on 1995-06-13) which was cancelled by Approval Letter of War Risk Insurance (passed on 1985-10-16)

⁴³⁵ This approval letter was numbered K16466T/109124 and enforced on 1996-04-14.

⁴³⁶ This refer to Executive Bylaw for paragraph D in Note 25 of Second Development Law (passed on 1995-04-24). the texts of which is offered in the following:

Article 1(Amended on 1995-12-04): In this bylaw, following abbreviated terms will be used:

Supreme Council: Supreme Council of Free Trade-industrial Zones

Secretariat: Secretariat of Supreme Council of Free Trade-industrial Zones

Zone: Special Protected Zones established based on Paragraph D in Law of Second Economic, Social and Cultural Plan of Islamic Republic of Iran. It is established based on note. 20 of Law of First Development Plan.

Authority in Charge of Zone: A legal person determined based on this bylaw who is responsible for administering and management of the zone.

Article.2-The permissible activities in these zones are:

1-In-trust Maintenance of Goods

2-Facilitation of access to goods for association owners of goods, raw, materials and machineries with domestic consumers and supporting domestic production in Iran

3-Processing of goods by changing them for obtaining value-added through potential means

4-Offering essential facilities for permitting access of major Iranian and foreign purchasers to required goods in these zones, associating regional trade markets and developing foreign trade

5-Developing regional business activities based on markets of countries of Central Asia, Caucasus and Transcaucasia, association with Asian and European countries and other regions and proper use of these markets through facilitative means of internal and foreign transit, export and re-exportation

6 (Amended on 1995-12-04)-Receiving capital and internal and foreign means for realization of above objectives and satisfy relevant regulations.

Article 3 (Amended on 1995-07-31): Importation of goods from mainland or other free trade-industrial zones of Iran should be done with least customs formalities and domestic transit of good imported into the zone is possible based on relevant regulations.

Note (Amended on 1998-01-14): Importation of goods addressed by this article into zones located in entry terminals of Iran should be done without customs formalities.

Article. 4-Discharge of goods from zone to mainland should be done through satisfaction of import and export regulations.

Article. 5-The goods imported from foreign countries, other free trade-industrial zones of Iran or other regions addressed in this bylaw into the zone could enter such zones without any formalities (*2).

Article. 6 (Amended on 1997-07-21)- Management of the zone, after classification and valuation of the zone, could assign the ownership of some parts of the zone to qualified real or legal persons. Surveillance of exploitation of these zones should be done by management of the zone.

Article. 7-Deadline for maintenance of goods imported into the zone should be determined by management of the zone.

Article. 8-Owners of goods imported into the zone could receive some or all of their goods in the form of finalized or temporary importation into the mainland. After proceeding through legal steps, these goods could be discharged.

Article. 9 (Amended on 1995-07-31): If processing of goods imported into the zone is so high to cause change of customs fees trading profit of above-mentioned goods to be imported into other parts of Iran will be equal with trading profit of raw materials and imported parts.

Note (Amended on 1998-04-27): The products made in the zone (permissible level of importation into mainland) could be exported abroad. In such a case, Iran should sign foreign currency contracts for domestically made raw materials and parts.

Article. 10-Costs of unloading, loading and storing goods in the zone will be determined by management of authority and approved by majority of member ministers of Supreme Council.

Determining Area of Sirjan Special Economic Zone⁴³⁷

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones on 1996-12-23

The area of Sirjan Special Economic Zone is determined based on annexed map and “Kerman Development Organization” is authority in charge of the zone.

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as necessary regulations.⁴³⁸

Determining Area of Salafchegan Special Economic Zone⁴³⁹

Passed by Member Ministers of Supreme Council of Free Zones on 1997-03-03

Article. 11- Importers of goods into the zones could give up some or all of their goods in exchange of trading storehouse receipt that is issued by authority of each zone. In this case, owner of the receipt will be regarded as owners of goods.

Note-Management of each zone should, if applicant requests, issue license of origin for those products that exist the zone. This necessitates approval of Customs Office. The banks located on main load should accept such licenses.

Article. 12-Retailing of goods in the zone is forbidden. The upper limit of retailer is determined by secretary.

Note (Amended on 1996-03-16): Retailing of sales is permissible for those foreign travelers who intended to transfer such goods abroad. Relevant customs office could monitor such affair.

Article 13 (1998-01-14): All goods imported from foreign countries into the zone for production of goods or offering services will not be subjected to general regulations of import and export. Exportation of these products into other parts of Iran will be subject to importation and exportation regulations.

Article. 14-Establishing of the zone and determining its area should be premised on requirements and priorities as well as suggestions, justification report of secretariat and in coordination with Customs Organization and Ports and Shipping Organization of Iran. Such events should be approved by majority vote of member ministers of Supreme Council.

Note: Authority in charge of the zone should be determined based on suggestion of secretariat and approval of majority of member ministers of Supreme Council. The manager of authority should be assigned by head of the authority.

Article 15 (Amended on 1997-07-09): Development plans and activities and land use plan of the zone should be approved by Supreme Council of Free Trade-industrial Zones.

Article. 16-Secretariat is responsible for monitoring proper enforcement of current bylaw and should offer three-month reports of enforcement of this bylaw to Supreme Council.

*1-Period of time for enforcement of Second Development Plan has ended and now, Fourth Development Plan should be attended to.

*2-Based on approval letter K15003T/45257 passed on 1995-11-16, the note to article 5 was removed.

⁴³⁷ This approval letter was numbered K18107T/5590 and enforced on 1997-06-17.

⁴³⁸ Refer to footnote. 446.

⁴³⁹ This approval letter was numbered H17829T/127441 and enforced on 1997-03-30.

(Amended on 2010-02-17) The area of Salafchegan Special Economic Zone covering registration plates 126, 127 and 68 (called Zavarian and Sarafchega located in region 9 of Qom)⁴⁴⁰ is located on a land covered an approximate area of 2000 hectares (as detailed in the map). In addition, “Qom Development Company” is a subsidiary of Qom Governancy and regarded as person in charge of the zone.⁴⁴¹

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as necessary regulations.⁴⁴²

Determining Area of Arg-E Jadid Special Economic Zone⁴⁴³

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones on 1997-06-17

The area of Arg-E Jadid Special Economic Zone for hosting industrial and manufacturing activities covers an area of 1000 hectares which leads to civil facilities of Arg-E Jadid City in north and west. In the south, the zone leads to Kerman-Zahedan Railway and in east, it leads to lands of Abel Garden. The area is clearly shown in annexed map and “Arg Development Company” was assigned as authority in charge of the zone.⁴⁴⁴

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as necessary regulations.⁴⁴⁵

⁴⁴⁰ It seemed that the term “Salafchegan” is correct.

⁴⁴¹ Based on approval letter no. K48795T/101043 (passed on 2012-12-19), member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones, an area covering 1500 hectares (as detailed in annexed map, *1) was attached to Salafchegan Special Economic Zone after approval of State Cabinet. This was detailed in approval letter no. H17829T/12441 passed on 1997-03-30.

*1-Refer to annexed map for Special Economic Zone included in this collection.

⁴⁴² Refer to footnote no. 446

⁴⁴³ This approval letter was numbered K18283T59479 and enforced on 1997-07-21.

⁴⁴⁴ Based on approval letter (passed on 2013-12-30), member ministers of Coordination Council of Free Trade-industrial and Special Economic Zones, an area covered 5450 hectares in the zone (covering a length of 78.12357m) was annexed to lands of Arg-E Jadid Zone (as annexed in map *1). In the north, the zone leads to Dolat Abad-Bam Road, in the east (covering a length of 8.6023m) it leads to Narmashir Region. This was supported by approval letter no. K18283T/59479 passed on 1997-07-21.

*1 Refer to the map annexed which shows area of Arg-E Jadid Special Economic Zone included in this collection.

⁴⁴⁵ Refer to footnote no. 446.

Imam Khomeini Port Special Economic Zone⁴⁴⁶

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zone by 1997-06-17

Imam Khomeini Port Special Economic Zone was established to initiate petrochemical activities in an area (detailed in annexed map) which leads to Mahshahr-Sarbandar Road, to under-construction highway in the east, to main road of Sarbandar-Imam Khomeini Port in west and to petrochemical plant in the south. In this case, “National Petrochemical Company” was assigned as authority in charge of the zone. 447

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as necessary regulations.448

Establishing the Persian Gulf Mining and Metal Industries Special Economic Zone^{449 450}

**Passed by Member Ministers of Supreme Council of Free Zones on 1997-12-25
With Further Amendments**

(Amended on 2009-03-02): Persian Gulf Mining and Metal Industries Special Economic Zone was established for initiating manufacturing, industrial and mineral activities. It covers 1200 hectares in two parts which are connected by Bandar Abbas-Shahid Rajai road. As described in

⁴⁴⁶ This approval letter was numbered K18263T/58548 and enforced on 1997-07-21.

⁴⁴⁷ Approval Letter concerning Petrochemical Special Economic Zone (passed on 2007-03-04):

1-The area of Petrochemical Special Economic Zone results in Ahvaz-Mahshahr road in the north, in the east corner of Petrochemistry Boulevard, in main road of Sar-Bandar and Imam Port in the west, in Musa Creek in the south.

2-The area of annexed region increases the area of the region to 2600 hectares. Its area was determined by National Petrochemical Company and Secretary of Supreme Council of Free Trade-industrial Zones more precisely.

-Probable decline in revenues of principalities of Mahshahr and Imam Khomeini Port due to this approval letter will be compensated by Supreme Council of Free Industrial-Trade Zones annually.

⁴⁴⁸ Refer to footnote no. 446

⁴⁴⁹ This approval letter was numbered K18263/58548 and enforced on 1997-07-21.

⁴⁵⁰ Based on approval letter (passed on 2005-03-06) by Board of Ministers, the term “Special Economic Zones of Mines and Metals” was substituted by “Persian Gulf Mining and Metal Industries Special Economic Zone”. In addition, Mines and Mining Industries Development and Renovation Organization of Iran took charge of administering it.

Based on another letter issued on 2009-03-02, the term “economic” not included before the terms “mineral and metal industries” was added.

annexed map and detailed below⁴⁵¹, Mines and Mining Industries Development and Renovation Organization of Iran was regarded in authority in charge of the zone. ⁴⁵²

The first part leads to railroad and Bandar Abbas Refinery in north, Bandar Abbas-Shahid Rajai Port road in the south, railroad and Bandar-Abbas- Shahid Rajai Port in east, and in Bandar Abbas Refinery and Jamal-Ahmad village in the west.

The second part leads to Bandar-Abbas-Shahid Rajai Road in north, to Hormozgan Wharf in the south, to Tawanir Power Plant in east and to Khoonsorkh Village in the west.

The zone will become operational to the extent that it has been fenced and approved by Customs Organization of Islamic Republic of Iran.

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as necessary regulations.^{453 454}

Establishment of Bushehr Special Economic Zone⁴⁵⁵

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones

Bushehr Special Economic Zone will have four geographical areas and one distinct authority in charge.

⁴⁵² Based on Approval letter passed by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones (passed on 2013-12-30), an area covering 2500 hectares leading to Kooh-Poladi mountains in the north (first part with 3160m length and second part with 11908m length), to lands of Hormoz , Setareh Khalij Fars and lands of Shahid Rejai Port in the south (first: 3547m, second: 531m, third: 3792m, fourth: 4456m, fifth: 2818m, sixth: 1743m, seventh: 2555m), to lands of Ports and Maritime Organization in the west (first: 1430m, and second: 2651m). The expanse is detailed in the map (*1) which is confirmed by Cabinet through stamping. The area was added to Persian Gulf Mining and Metal Industries Special Economic Zone based on approval letter no. K19259T/77192 passed on 1998-03-20.

*1-Refer to annexed map on delimitation of Persian Gulf Mining and Metal Industries Special Economic Zone which is included in this collection too.

⁴⁵³ Based on approval letter passed by Board of Ministers on 2005-03-06, the term "Mining and Metal Industries Special Economic Zone" was substituted by "Persian Gulf Mining and Metal Industries Special Economic Zone". The authority in charge of the zone was determined to be "Mines and Mining Industries Development and Renovation Organization of Iran". Based on another letter issued on 2009-03-02, the term "economic" not included before the terms "mineral and metal industries" was added.

⁴⁵⁴ Refer to Executive Bylaw for Paragraph D in Article 25 of Fifth Development Plan passed by Supreme Council of Free Zones on 1995-04-24 which is also available in footnote to approval letter on Determination of Area of Sarakhs Special economic zone passed by Board of Ministers on 1996-3-16. The latter is included in this collection.

⁴⁵⁵ This approval letter was numbered K19225T/76715 and enforced on 1998-02-48.

A-First Part; Bushehr Port Special Economic Zone covering and approximate area of 41 hectares within area of port. It leads to the sea in north and east, to Central Fisheries Office in the south, and to roundabout in the west (shown in the map). Establishment of Ports and Shipping Organization was assigned as authority in charge of the zone. 456 457

The second area has three sections (as shown in map no.20). In addition, “Bushehr Development Company” was determined as authority in charge of the zone.

1-A land with approximate area of 154 hectares which leads to Bushehr-Borazjan Highway in north, to industrial town in the south, in Tasvieh-Khane Road in east and to coastal road in west.

2-A land with approximate area of 1880 hectares which is 8 km away from Bushehr Road which leads to Bushehr-Borazjan Highway in north, to block 3768/231-233 in the south and west and to coastal road and industrial town in east.

3-A land belonging to Permanent Show and Business Center of Iran and Qatar which leads to Chaharbani Street in north, to Ashori Street in the south, to Block no. 464 from east and to coastal road in north.

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.458

The above-mentioned areas will be operationalized to the extent that they are fenced and approved by Customs Organization of Islamic Republic of Iran.

Establishment of Amirabad Special Economic Zone⁴⁵⁹

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones

⁴⁵⁶ At the moment, Ports and Maritime Organization

⁴⁵⁷ Based on approval letter no. K38501T/147221 (passed on 2007-7-26) approved by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones, the lands covering 17 hectares of container terminal in the southwest part and lands of Negin Island (covering an area of 70 hectares) located in the northeast of Bushehr Port were added to Bushehr Port Special Economic Zone (This is addressed in approval letter no. K19225T/76715 issued on 1998-02-28 which was approved by State Cabinet). The area is detailed in annexed map (*1).

B-Based on approval letter issued on 2011-02-16, Board of Ministers authorized Center for Free Trade-industrial and Special Economic Zones to cooperate with relevant governancy in reviewing feasibility of adding Genaveh Port to Bushehr Special Economic Zone.

*1-The map was named “Annexed Area to Bushehr Port Special Economic Zone” and included in this collection.

⁴⁵⁸ Refer to footnote no. 446.

⁴⁵⁹ This approval letter was numbered K19220T/76606 and enforced on 1998-01-26.

Amirabad Special Economic Zone was established in a land covering approximate area of 60 hectares (as shown in annexed map). It leads to sea in north, to Shilati Port in east, to private lands in west and to communicative road in the south. Ports and Maritime Organization was assigned as authority in charge of the zone.⁴⁶⁰ 461

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.⁴⁶²

Establishment of Shahid Rajai Port Special Economic Zone⁴⁶³

Passed by Member Ministers of Supreme Council of Free Zones with Further Amendments passed on 1998-01-26

Shahid Rajai Port Special Economic Zone was established within the area of Shahid Rejai Port. It covers an approximate area of 20 square km. It leads to Keshti_Sazi road in north, to Shahid Rajai Town in east, to ITACo storehouses in west and to the sea in the south. In addition, Ports and Shipping Organization was determined as authority in charge of the zone. 464 465

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.

(Amended on 2007-06-26): An area with expanse of 100 hectares (located in 3rd phase) and two hectares of coastal traffic lands of Shahid Rajai Special Economic Zone (area highlighted by dotted lines in annexed map which was confirmed by Cabinet Office) was assigned for facilitation of traffic and transit of goods as well as provision of port-related services. The area is

⁴⁶⁰ At the moment, Ports and Maritime Organization

⁴⁶¹ Based on approval letter no. K38501T/147220 passed on 2007-06-26 by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones, the support lands of the port with approximate area of 1000 hectares (as detailed in map *1) was added to area of Amirabad Port Special Economic Zone (this was addressed in paragraph A of approval letter no. K19220T/76606 issued on 1998-02-28).

*1-The map was termed "Annexed Area to Amirabad Port Special Economic Zone" and included in this collection.

⁴⁶² Refer to footnote. no. 446.

⁴⁶³ This approval letter was numbered K19260T/77193 and enforced on 1998-02-28.

⁴⁶⁴ At the moment, Ports and Maritime Organization

⁴⁶⁵ Refer to approval letter passed on 2015-03-08 regarding determination of area of Shahid Rajai Special Economic Zone that is included in this collection too.

still owned by Ports and Shipping Organization without receiving any rent. It is temporarily administered by Authority of Qeshm Free Zone. 466 467

For exploitation of assigned lands, the organization should satisfy regulations of Shahid Rajai Special Economic Zone.

Establishment of Lorestan Special Economic Zone^{468 469}

Passed by Member Ministers of Supreme Council of Free Zones with Further Amendment

Approved on 1999-02-24

(Amended on 2007-06-26): Lorestan Special Economic Zone⁴⁷⁰ was established for conducting industrial and manufacturing activities within the area of Azna Industrial Town. It covered an area of 71 hectares (as shown in annexed map) which lead to Pelak Zarnan National Park, to Pelak Gorji lands in east, to Sefid-Kuh Protected area in the south, and to agricultural lands of Zarnan Village in west. In this case “Lorestan Industrial Company” was regarded as authority in charge of the zone.⁴⁷¹

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.⁴⁷²

⁴⁶⁶ The above-mentioned maps were termed “Maps of Assigning 100 Hectares Located in Third Phase and Two Hectares of Coastal Traffic Lands of Special Economic Zone of Shahid Rajai to Authority of Qeshm Free Zone” which is included in this collection.

⁴⁶⁷ At the moment, Ports and Maritime Organization.

⁴⁶⁸ This approval letter was numbered K22140T/1832 and enforced on 2008-05-04.

⁴⁶⁹ Based on approval letter no. K38591T/147223 (passed by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2007-06-26), the term “Stone and Mineral Materials Special Economic Zone in Dorood Town” was substituted by “Lorestan Special Economic Zone”.

⁴⁷⁰ Based on approval letter no. K38591T/147223 (passed by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2007-06-26), the term “Stone and Mineral Materials Special Economic Zone in Dorood Town” was substituted by “Lorestan Special Economic Zone”.

⁴⁷¹ Based on approval letter no. K38501T/147223 passed by member ministers of Supreme Council of Special Trade-industrial and Special Economic Zones (issued on 2007-06-26), area of special economic zone increased from 71 to 463 hectares by including lands of registered block 32 and national documents of block 32. The area was detailed in annexed map (*1) and approved by Cabinet Office.

*1-The map was termed “Map for Annexing Lands to Lorestan Special Economic Zone” and included in this collection.

⁴⁷² Refer to footnote no. 446.

Establishment of Yazd Special Economic Zone^{473 474}

Passed by Member Ministers of Supreme Council of Free Zones with Further Adjustments

Approved on 2000-03-15

(Amended on 2007-04-18): Yazd Special Economic Zone was established in a land covering 570 hectares (as detailed in the map) which leads to lands of general storages in north, to lands of industrial town in east, to oil transfer line to Yazd in the south and to Block 6646 in west from district 9 of Yazd. In this regard, “Yazd Industrial Towns Company” was considered as authority in charge of the zone.⁴⁷⁵

The zone will be operational to the extent that it is fenced and approved by Customs Organization of Iran.

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.⁴⁷⁶

Establishment of Shiraz Special Economic Zone^{477 478}

Passed by Member Ministers of Supreme Council of Free Zones on 2000-03-15

With Further Amendments

(Amended on 2007-04-20): Shiraz Special Economic Zone⁴⁷⁹ was established in an area covering an expanse of 300 hectares in vicinity of Shiraz (detailed in relevant map). The zone led to Block 2190 in north, to main power plant and drainage in east, to lands of block nos. 287 (Sanjanak) and 2188 (Eslamlo) and to 700-hectare lands of development plan Special Economic

⁴⁷³ Based on approval letter passed on 2007-04-18 by Board of Ministers, the name “Nasaji Yazd Special Economic Zone” was substituted by “Yazd Special Economic Zone”.

⁴⁷⁴ This approval letter was numbered K22797K/10277 and passed on 2000-06-06.

⁴⁷⁵ Based on approval letter passed by Board of Ministers on 2007-04-18, the term “Nasaji Yazd Special Economic Zone” was substituted by “Yazd Special Economic Zone”.

⁴⁷⁶ Refer to footnote no. 446.

⁴⁷⁷ This approval letter was numbered K22776T/10242 and enforced on 2000-06-06.

⁴⁷⁸ Based on approval letter K37192T/18796 passed on 2007-4-20 by Board of Ministers, the term “Shiraz Electronic and Power Special Economic Zone’ was turned into “Shiraz Special Economic Zone”. This is detailed in approval letter K22776T/10242 passed on 2000-06-06.

⁴⁷⁹ Based on approval letter no. K37192T/18706 (issued by Board of Ministers on 2007-04-20), the term “Shiraz Power and Electricity Special Economic Zone” was turned into “Shiraz Special Economic Zone”. This was also addressed in approval letter no. K22776T/10242 passed on 2000-06-06.

Zone (Block 2200 Mahmood Abad). In this regard, Fars Development Company was recognized as authority in charge of the zone.⁴⁸⁰

The land within fenced zone that is confirmed by Customs Organization could be developed and operationalized. Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations⁴⁸¹.

Establishment of Persian Gulf Ship Building Special Economic Zone⁴⁸²

**Approved by Member Ministers of Supreme Council of Free Trade-Industrial Zone on
2000-03-15**

Member ministers of Supreme Council of Free Trade-Industrial Zone held a meeting on 2000-03-15, the subject of approval letter no. H19037T/76305 passed on 1998-01-19 and subject of

⁴⁸⁰ A-This approval letter was modified based on approval letter K27192T/18706 passed on 2007-04-20 by Board of Ministers. Based on approval letter K40456T/92312 passed on 2008-08-10, above approval was annexed.

This approval letter could be approved if authority in charge of the zone matches itself with deadline based on article 19 of Law on Establishment and Administration of Special Economic Zones passed on 2004.

B-Approval letter H41092T/223130 passed on 2009-02-11 correcting the following approvals (passed on 2000-03-15 and 2007-04-20):

1-About 700 hectares in annexed map stamped and approved by Board of Ministers were added as lands for development plan to Shiraz Special Economic Zone. This is addressed in approval letters no. K22776T/10242 (passed on 2000-06-06), no. K37192T/18706 passed on 2007-05-01, and no. K40456T/92312 passed on 2008-08-28.

2-Academic Town and Health Town were going to be developed in the zone.

3-A green space should be developed between current part and constructed part of green space.

J-Approval letter no. H42538T/47660 passed by Board of Ministers on 2009-04-30 in regard to determining the area of Shiraz Special Economic Zone: The Shiraz Special Economic Zone includes blocks addressed in approval letter K22776T/10442 passed on 2000-06-06. The zone also includes a 992 hectare land in Chehel-Chesmeh in block 4 at southern side of main Shiraz-Sepidan road and 1750 hectare of block 8 in region 3 (detailed in annexed map *3). These procedures were approved by Board of Ministers.

*1-This refers to approval letter no. K22776T/10242 regarding establishment of Shiraz Power and Electricity Special Economic Zone which was turned into "Shiraz Special Economic Zone" based on approval letter no, K37192T/18706 passed on 2007-04-20.

*2-Above map was termed "Annexed Map to Shiraz Special Economic Zone" which is included in this collection.

⁴⁸¹ Refer to Executive Bylaw in paragraph D of Article 25 of Fifth Development Plan (passed on 1995-04-24) approved by Supreme Council of Free Zones which is also contained in footnote to approval letter concerning delimitation of Sarakhs Special Economic Zone passed by Board of Ministers on 2001-08-05.

⁴⁸² This approval letter was numbered K23561T/22727 and enforced on 2001-08-05.

article 14 in executive bylaw of paragraph D in article 25 of Second Economic, Social and Cultural Development Plan of Islamic Republic of Iran 483 were approved.

1 (Amended on 2010-09-25 and 2013-07-09): Persian Gulf Ship Building Special Economic Zone was established for conducting service-based and maritime industries. It covers an expanse of 1100 hectares within the land belonging to Shipbuilding and Offshore Industries Complex Company. The land leads to Golchin Mountains in north, to Boostanloo Village in east, to Persian Gulf waters in the south and to Golchin Village in West. Establishment of Shipbuilding and Offshore Industries Complex Company was recognized as authority in charge of the zone.

2-The zone will be operationalized in proportion that it is fenced and approved by Customs Organization of Iran.

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.⁴⁸⁴

Establishment of Payam Special Economic Zone⁴⁸⁵

Passed by Member Ministers of Supreme Council of Free Trade-industrial Zones with Further Amendments

Approved by 2000-03-15486

(Amended on 2011-01-04): Payam Special Economic Zone covering an area of 3600 hectares was established in the area of Payam Airport (as detailed in annexed map) which leads to Kian Mehr Town, Soltan Abad lands and Ismaliabad lands in north, to Ramjin Village and Ravande Vilage and lands of Ismail Abad in west. Payam Aviation Services Company was recognized as authority in charge of the zone.

⁴⁸³ Refer to Executive Bylaw for Paragraph D in article 25 of Law of Second Development Plan (passed by Supreme Council of Free Zones on 1995-04-24) which is addressed in footnote to approval letter on delimitation of Sarakhs Special Economic Zone (passed by Board of Ministers on 1996-03-16).

⁴⁸⁴ Refer to Executive Bylaw for Paragraph D in article 25 of Law of Second Development Plan (passed by Supreme Council of Free Zones on 1995-04-24) which is addressed in footnote to approval letter on delimitation of Sarakhs Special Economic Zone (passed by Board of Ministers on 1996-03-16).

⁴⁸⁵ This approval letter was numbered K24832T/18249 and enforced on 2001-07-03.

⁴⁸⁶ Based on paragraph 2 in approval letter passed by Board of Ministers (issued on 2009-07-08), the board was authorized to enforce decisions concerning study and conversion of activities of Payam Special Economic Zone into public area.

The zone will be operationalized in proportion that it is fenced and approved by Customs Organization of Iran.

Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.

4 (Amended on 2011-01-04): Manufacturing and industrial activities of the zone are solely restricted to processing of goods for export and green industries.

5 (Amended on 2011-01-04): Establishment of export terminals and offering integrated services to exporters are prioritized.

Exemption from Offering Guarantee through Foreign Currency Contracts for Importation of Raw Materials, Parts and Tools of Industrial Machineries for Signing Contracts in Pars Special Economic Zone and Imam Khomeini Port Special Economic Zone⁴⁸⁷

Passed by Board of Ministers on 2001-06-13

Raw materials, parts and spare parts of industrial machineries (addressed in article 21 of Law of Import-Export⁴⁸⁸ and article 24 of Executive Bylaw⁴⁸⁹) that are imported by Iranian importers

⁴⁸⁷ This approval letter was numbered H24749T/16393 and passed on 2001-07-04.

⁴⁸⁸ Article 12 of Import-Export Law (passed on 1993-09-26): Importation of goods to be used in production, assembly and packaging of goods for export that are temporarily admitted into the zone by offering guarantee or promissory note will be exempt from paying all importation fees except for importation costs and fees (*1).

*1-It should be noted that this article was invalidated based on article 165 of Law of Customs Affair (2011-11-13).

⁴⁸⁹ From Executive Bylaw of Import-Export Law (passed on 1994-04-03)

Article. 24 (Amended on 2001-01-31)- Importation of raw materials and goods required for production, assembly and packaging of goods for export (as addressed in article 12 of the law) requires satisfaction of following regulations:

1-Conditions of Issuing Importation License

1.1-Temporary importation license will be solely awarded to production companies and units (union-based and industrial) with valid operation license. Trading unions and cooperatives could adopt these regulations if they have valid contracts with authorized production units.

1.2-Maximum level of importation of raw materials and goods is equal with nominal capacity of production units.

1.3-Exporters that make measures for temporary importation of raw materials and parts should export at least 125 percent of value of temporarily imported goods. If some of these temporarily imported goods and parts are used for manufacturing of goods and consumption in Iran, that proportion will be regarded as finalized production and exempted from paying customs fees, trading profit and other expenses.

Note- Customs Organization of Iran should publicly announce coefficients published as well as importation fee coefficients obtained through relevant production ministries.

1.4-Those exporters that need temporary importation of packaging means for exportation of their goods are exempt from these regulations.

for conducting their contracts in Pars Special Economic Zone and Imam Khomeini Petrochemical Station will be exempt from offering guarantee if relevant foreign currency contracts are already signed. These materials and parts should be temporarily imported for production, repair or assembly and they should be exported after relevant measures were done.

Duties of Customs Organization of Islamic Republic of Iran concerning Control of Goods to Be Used in Pars Special Economic Zone and Imam Khomeini Port Special Economic Zone through Credit of Iranian Banks into Terminals of Zones and Issuance of Matching Order and Goods 490 491

Passed on 2002-10-20

Customs Organization of Islamic Republic of Iran should control goods destined to Pars Energy Special Economic Zones and Bandar Imam Petrochemical Complex through credit facilities of

2-Deadline for exportation of goods made out of raw materials or developed and packaged goods as well as other relevant goods is 1 year from date of importing materials. This deadline could be extended for another year by approval of relevant customs offices for those goods that require more time.

Note- At the end of each months, Customs Organization of Iran should develop a list of raw materials including number of permit, number of operation license, date of issuing license, applicant's specifications, address, name of goods, amount of goods, equivalent value in USD, and other items and refer it to Ministry of Industry, Mines and Trade and other relevant ministries.

3-For temporary importation of goods addressed in this article, Customs Organization of Iran should act in the following manner while aligning with Law of Customs Affairs and relevant executive bylaw.

3.1-In regard to plants, companies and governmental production units, Customs Organization of Iran could ask for promissory note or written guarantee.

3.2 (Amended on 2002-03-13): In regard to top non-governmental companies, plants and units, written obligation or commitment notice could be requested. For other non-governmental units, promissory note or banking guarantee up to 1 time of importation fee could be requested by relevant customs office

3.3 (Amended on 2002-03-13): In regard to businessmen and unions, promissory note or banking guarantee could be requested up to 1 time of importation rights (it depends on demands of relevant customs office).

Note. 1-Reception of such guarantees prevents from enforcement of Law of Customs Affairs concerning products that have not been exported before the deadline.

Note. 2-Customs Organization of Iran should offer maximum loans for representative exporters. The guideline for enforcement of this guideline was developed by Customs Organization of Iran and notified publicly.

4-Returning of raw materials and temporarily imported goods and matching returned goods and materials should be done by Customs Organization of Iran.

⁴⁹⁰ This approval letter was numbered H27402T/40867 and enforced on 2002-11-13.

⁴⁹¹ Based on approval letter passed by Board of Ministers (no. H48350T/207851 passed on 2013-01-13, articles of this approval letter were extended to Lavan Special Economic Zone.

Iranian banks. The check-ups could be done at importation terminals. For satisfaction of obligations of crediting banks, the issued license should be matched with goods.

The goods imported into these zones via letters of credit offered by Iranian banks will be subject to this approval letter.

Making Decisions concerning Importation of Goods to Persian Gulf Ship-building Special Economic Zone through Credit Letters of Iranian Banks⁴⁹²

Passed by Board of Ministers on 2005-02-13

1-Customs Organization of Iran should control goods imported into the zone for use and consumption in Persian Gulf Ship-building Special Economic Zone and match them with credit letters offered by Iranian banks. In order to fulfil banking guarantees of credit applicant, the license issued by organization should be concerned with matching goods with order.

2- The goods imported into these zones via letters of credit offered by Iranian banks will be subject to this approval letter.

Determination of Area of Pars Energy Special Economic Zone⁴⁹³

Passed by Board of Ministers on 1979-12-03

The area of Pars Energy Special Economic Zone was determined based on approval letter no. K20667T/65601 passed on 1999-01-11.⁴⁹⁴ It leads to Zagros Mountain Chain in the south, to

⁴⁹² This approval letter was numbered H31558T/40832 and enforced on 2005-02-16.

⁴⁹³ This approval letter was numbered H35141T/1292200 and enforced on 2006-12-30.

⁴⁹⁴ Approval letter number: K/20667T/65601 passed on 1999-01-11:

Pars Energy Special Economic one was established for housing oil and gas industry in a land with approximate area of 10.000 hectares (as highlighted in annexed map) lead to Assaluyeh Mountains in the north, to Gavebandi River, Nayband Gulf and Persian Guld in the south, to adjacency of Bazbaz, Akhnad, Asgari and Chah Mobarak villages in the east and to Shirno Village in the west. Oil Development Engineering Company was recognized as person in charge of the zone.

The zone will be operationalized in proportion that it is fenced and approved by Customs Organization of Iran. Limits to tasks of authority in charge should be determined based on approval letter no. K15003T/42890 (passed on 1995-06-13) with further amendments as well as relevant national regulations.

Chahmobarak, Kenar-E-Khaimah, Benod, Ziar, Basatin, and Hale villages in east, and to adjacency of Nakhil-Ghanem from west. The zone covers an area of 30 thousand hectares (apart from Naiband National Park). The zone was established based on approval letter no. 12/11975/1 passed on 2005-06-12 that was issued by Supreme Council of Environmental Protection. It was also approved by Government Cabinet.⁴⁹⁵

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Dogharun, Rafsanjan, Jazmurian, Imam

⁴⁹⁵ Approval letter no. 40556/257623 passed on 2010-02-17 by Board of Ministers

1-The 16 thousand hectare area determined in approval letter H37207T/173649 passed on 2008-01-16 (*2) was added by satisfaction of other articles of above-mentioned by law to Pars Energy Special Economic Zone. This is addressed in approval letter no. K20667T/65601 passed on 1999-01-11 and highlighted in relevant map (*3). The approval letter was approved by Board of Ministers.

2-Any activity in this zone will be possible after environmental evaluation studies and thorough satisfaction of environmental rules and natural resources.

*1-This approval letter was enforced on 1999-01-11.

*2-Approval no. H27207/173649 passed on 2008-01-16:

A-About 16 thousand hectares of national lands located in Bushehr Province (area 1 and 3 approved by Board of Ministers) is assigned to Ministry of Oil if following conditions are satisfied:

1-Lack of coverage with environmentally protected zones

2-Developing fence or barbed wire in the northern border of protected lands

3-Developing green spaces and foresting in third area of dispossessed lands based on plan of consultative engineers and lack of facilities in that area

4-Environmental evaluation of pipeline corridor from Mond River

5-Making essential arrangements for enabling regional traffic

6-Determining location of assigned lands on general map of Iran (via cooperation of Mapping Organization with Army Geography Organization and approval of relevant natural resources offices and Ministry of Oil in next 3 months)

7-Satisfying regulations of passive defense for executive projects

8-Resolution of probable problems of lands assigned in previous years based on regulations and cooperation of Ministry of Oil and Deputy Head of Ministry of Agricultural Jihad

9-offering plans for future projects y determining value and location of lands requested by Ministry of Oil in next 6 months

B- Organization for Registration of Deeds and Property should seek to enforce no. 9 in article 69 of Law of Adjustment of Some State Financial Regulations. After approval of relevant maps (as detailed in paragraph 8) by provincial working group and consequent documentation, land ownership documents should be issued for State of Islamic Republic of Iran which is represented by Ministry of Oil.

C-Any modification of exploiter and assignment of lands to other parties should be approved by Board of Ministers.

D-The area of suggested third area should be protected and forested and no facility should be established on it.

E-Required arrangements should be made by Ministry of Oil for establishment of petrochemical refineries and oil facilities.

*3-The map was termed "Annexed Map to Pars Energy Special Economic Zone" which is included in this collection.

Khomeini Port, Noshehr Port, Shahrekord, Eslamabad-e Gharb, Mehran, Salmas, Atar, Damghan, Semnan and Lamord⁴⁹⁶

Passed by Special Representatives of President in Supreme Council of Free Trade-industrial and Special Economic Zones on 2011-04-18

The authority is in charge of especial economic zones of Dogharun, Rafsanjan⁴⁹⁷, Jazmurian, Imam Khomeini Port, Noshehr Port, Shahrekord, Eslamabad-e Gharb⁴⁹⁸, Mehran, Salmas⁴⁹⁹, Atar, Damghan, Semnan and Lamord. The limits of these areas are denoted in relevant maps and tables which have been approved by Government Cabinet.⁵⁰⁰ 501

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Sistan, Nemin, Kazarun, Kaveh, Bojnord, Lavan, Parsian and Baneh⁵⁰²

Passed by Special Representative of President in Supreme Council of Free Trade-industrial and Special Economic Zones on 2011-09-13

Authorities in charge, limits and areas of activity of special economic zones of Sistan, Nemin, Kazarun, Kaveh, Bojnord, Lavan, Parsian and Baneh are as detailed in the following tables and maps that have been approved by Government Cabinet.

Name of Province	Trend	Area (Hectare)	Authority in Charge	Status of Authority in
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⁴⁹⁶ This approval was numbered N46519T/222470 and passed on 2011-04-24.

⁴⁹⁷ Based on approval letter issued on 2013-06-29 by special representatives of President in Supreme Council of Free Trade-industrial and Special Economic Zone, dominant activity of Rafsanjan Special Economic Zone turned from peripheral copper, aluminum, and steel industries as well as agricultural processing industry to industrial-service by prioritization of copper industries.

⁴⁹⁸ Based on approval letter issued by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones (passed on 2013-12-30), name of authority in charge of Eslamabad-e Gharb Special Economic Zone was changed from "Cooperation Organization of Principalities of Kermanshah Province" to "Zagros Special Economic Zones Company". The areas of the zone reduced from 850 hectares to 143 hectares (based on annexed map *1) which were approved by Government Cabinet.

*1-Refer to map of Adjustment of Area of Eslamabad-e Gharb Special Economic Zone which is included in this map.

⁴⁹⁹ Based on Amended letter passed on 2014-07-05, secretary of State Cabinet approved type of ownership of authority in charge of Salmas Special Economic Zone from non-governmental to governmental.

⁵⁰⁰ The map is included in this collection.

⁵⁰¹ The map is included in this collection.

⁵⁰² This approval letter was numbered N46519T//125700 and enforced on 2011-09-13.

Economic Zone					Charge
Sistan (Ramshar)	Sistan va Baluchestan	Industrial, Business and Transit of Goods	1050	Shahre-Jadid Development Company	Governmental
Namin	Ardebil	Trade-industrial	2000	Shahed Business Company 503	Governmental
Kazarun	Fars	Agricultural Processing Industries	300	Fars Province Industrial Towns Company	Governmental
Kaveh	Markazi	Trade-industrial-Service	2500	Kaveh Industrial Town Company	Non-governmental
Bojnoord	Northern Khorasan	Trade-industrial-Educational	355	Northern Khorasan Province Industrial Towns Company	Governmental
Lavan	Hormozgan	Energy, Fisheries, and Watershed Management	7775	National Iranian Oil Company ⁵⁰⁴	Governmental

⁵⁰³ Based on approval letters passed on 2012-09-08 and 2015-03-08, first Iran Public Warehouses and Customs Services Company and then Shahed Trading Company were assigned as authorities in charge of Namin Special Economic Zone. These authorities were substituted by Ardebil Industrial Towns Company. In addition, the area of this zone changed from 6145/33 hectares to 2000 hectares.

⁵⁰⁴ Based on approval letter passed by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones, authority in charge of Lavan Special Economic Zone changed from National Iranian Oil Refining and Distribution Company to National Iranian Oil Company.

Parsian	Hormozgan	Trade-industrial	9800	Mines Development and Renovation Organization of Iran	Governmental
Baneh	Kurdistan	Processing and Packing Industries	5101	Kurdistan Province Industrial Towns Company	Governmental

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Jahan Abad, Reya and Sahalan ⁵⁰⁵

Passed by Special Representative of President in Supreme Council of Free Trade-industrial and Special Economic Zones on 2012-03-10

Decision of special representatives of President in Coordination Council of Free Trade-industrial and Special Economic Zones, based on article 127 of Constitution of Islamic Republic, is as described in the following manner:

Authorities in charge, limits and areas of activity of special economic zones of Jahan Abad, Reya and Sahalan are as detailed in the following tables and maps that have been approved by Government Cabinet.

Name of Special Economic Zone	Province	Trend	Area (Hectare)	Authority in Charge
Jahan Abad	Hamedan	Trade-industrial-Service	1880	Hamedan Province Industrial Towns Company

⁵⁰⁵ This approval letter was numbered N47469/250226 and enforced on 2012-03-10.

Rey	Tehran	Trade-industrial-Service	2100	Rey Investment Company (Non-governmental)
Sahalan	East Azerbaijan	Trade-industrial-Service	2052	Iran Public Warehouses and Customs Services Company (Governmental)

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Birjand, Sabzevar, Zarandieh, and Jahrom⁵⁰⁶

Passed by Member Ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2012-03-10

Authorities in charge, limits and areas of activity of special economic zones of Birjand, Sabzevar, Zarandieh, and Jahrom are as detailed in the following tables and maps that have been approved by Government Cabinet.

Name of Special Economic Zone	Province	Trend	Area (Hectare)	Authority in Charge
Birjand	Southern Khorasan	Trade-industrial-Service	550	Sothern Khorasan Economic Development and Investment Company (Non-governmental)
Sabzevar	Razavi Khorasan	Trade-industrial	1200	Diar Sarbedaran Development Company (Non-governmental)
Zarandieh	Markazi	Tourism, Trade, Industrial	1396.14	Iranian Tourism Development Company (Non-governmental)
Jahrom	Fars	Trade-	339	Industrial Development and

⁵⁰⁶ This approval letter was numbered N40324T/250228 and enforced on 2012-03-10.

2-Assiging lands located in above mentioned zones is subjected to regulations concerning national lands.

3-Assigning lands by authority in charge of the zone is conditional upon that authority' ownership of lands before assignment to those persons.

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Kashan⁵⁰⁷

**Passed by Special Representative of President in Supreme Council of Free Trade-industrial
and Special Economic Zones on 2012-10-03**

Authority in charge, limits and areas of activity of Kashan Special Economic Zone are as detailed in the following tables and maps that have been approved by Government Cabinet.

Name of Province	Trend	Area (Hectare)	Authority in Charge
Kashan	Trade-industrial-Service	1500	Iranian Mines & Mining Industries Development & Renovation Organization

Determination of Authority in Charge, Limits and Areas of Activities of Special Economic Zones of Bushehr and Garmsar⁵⁰⁸

⁵⁰⁷ This approval letter was numbered N48461T/187432 and enforced on 2012-12-16.

Passed by Special Representative of President in Supreme Council of Free Trade-industrial and Special Economic Zones on 2012-10-15

Authority in charge, limits and areas of activity of special economic zones of Bushehr and Garmsar are as detailed in the following tables and maps that have been approved by Government Cabinet. 509

Name of Special Economic Zone	Province	Trend	Area (Hectare)	Authority in Charge
Northern Bushehr Province	Bushehr	Oil, Gas and Petrochemistry	2844	Northern Bushehr Province Industrial Towns Company
Garmsar	Semnan	Trade-industrial	2000	Industrial Development and Renovation Organization of Iran

Development of Comprehensive Plan of Shahr-e-Rey Special Economic Zone⁵¹⁰

Passed by Member Ministers of Coordination Council of Free Trade-industrial and Special Economic Zones on 2013-07-09

The comprehensive plan of Rey City Special Economic Zone is detailed in an annex which was consequently approved by State Cabinet. 511

⁵⁰⁸ This approval letter was numbered N48461T/187432 and enforced on 2012-12-16.

⁵⁰⁹ The annexed map is included in this collection.

⁵¹⁰ -This approval letter was numbered K492490T/90610 and enforced on 2013-07-09.

⁵¹¹ Refer to relevant annex in National System of Regulations of Islamic Republic of Iran at dotic.ir

Determination of Service Fees by Authorities of Special Economic Zones for 2014⁵¹²

Passed by Member Ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2014-07-26⁵¹³

1-Services costs for 2014 determined for authorities of special economic zones (e.g. Parse Energy) is as detailed in relevant tables which was confirmed by Government Cabinet.⁵¹⁴

2-Authority in charge of special economic zones should pay attention to cost-effectiveness of these zones and their attraction for investors. In addition, they should seek to improve status of knowledge-based units up by imposing 25 percent discount compared with previously passed tariffs for knowledge-based production units.

Determination of Authority in Charge, Limits and Areas of Activities of Qasr-e Shirin Special Economic Zone⁵¹⁵

Passed on 2015-03-08

Authority in charge, limits and areas of activity of Qasr-e Shirin Special Economic Zone are as detailed in the following tables and maps that have been approved by Government Cabinet.⁵¹⁶

Name of Special Economic Zone	Province	Trend	Area (Hectare)	Authority in Charge
Qasr-e Shirin	Kermanshah	Industrial-Service	1335	Cooperation Organization of Provincial Principalities

⁵¹² This approval letter was numbered K50917T/90457 and enforced on 2014-10-30.

⁵¹³ This approval letter was approved by President on 2014-10-27.

⁵¹⁴ The relevant tables are available in Presidential Regulation Archive.

⁵¹⁵ These tables are available in Presidential Regulations Archive.

⁵¹⁶ This approval letter was numbered H51608T/156764 and enforced on 2015-03-11.

Determination of Authority in Charge, Limits and Areas of Activities of Astara Port Special Economic Zone⁵¹⁷

Passed on 2015-03-08

Authority in charge, limits and areas of activity of Astara Port Special Economic Zone are as detailed in the following tables and maps that have been approved by Government Cabinet.

Name of Special Economic Zone	Province	Trend	Area (Hectare)	Authority in Charge
Astara Port	Gilan	Maritime, port-related, and logistic activities and services and development of value-added	61 hectares on land and breakwater branches	Ports and Maritime Organizations

Addition of an Area to Shahid Rajai Port Special Economic Zone⁵¹⁸

Passed by Board of Ministers on 2015-03-08

An area covering 2689.7 hectares (as detailed in annex map) was approved by Government Cabinet to be added to Shahid Rajai Port Special Economic Zone. This was also documented in approval letter no. K19260T/77192 passed on 1998-02-28.

1-Determining a part of northeastern coast of Qeshm Island as a part of 300km expanse of Qeshm Free Zone passed by member ministers by Supreme Council of Free Trade-industrial Zones approved on 1996-07-08.

2-Permit of transferring 100 percent of manufacturing units located in free trade-industrial zones and special economic zones into mainland approved by 1998-10-10.

⁵¹⁷ This approval letter was numbered H1608T/165742 and enforced on 2015-03-11.

⁵¹⁸ This approval letter was numbered H.1612T/156854 and enforced on 2015-03-14.

- 3-Permit for importation of a percent of goods manufactured in free trade-industrial zones and special protected zones passed by Board of Ministers on 1999-02-03.
- 4-Determining method of financing and corrective solutions for improving performance of free trade-industrial zones of Islamic Republic of Iran passed by Board of Ministers on 2003-05-11 (with further amendments)
- 5-Determining area of Khuzestan, Mino Island and Shalamcheh Special Economic Zone as part of Arvand Trade-industrial Zone (approved by Board of Ministers on 2005-05-29)
- 6-Addition of Cultural Heritage, Handicrafts and Tourism Organization and Center for Affairs of Free and Special Economic Zones to Council for Coordination of Foreign Economic Relations (approved by Board of Ministers on 2010-03-07).
- 7-Approval letter on obligation of all relevant executive bodies in national and provincial bodies to enforce decree of Supreme Leader and contributing to government in reducing and minimization of smuggling of products and foreign currency issued on 2010-08-31 and issued by Council for Combating Goods and Currency Smuggling.
- 8-Enforcing typical plans or plans with preferential terms in free trade-industrial and special economic and less developed zones by Board of Trustees of Foreign Currency Reserve Account
- 9-Making Decisions for reinforcing foreign trade performance of Iran (passed by special representatives of President in Export Development Working Group on 2011-09-04).
- 10-Forming Supreme Council of Free Trade-industrial and Special Economic Zones (approved by Board of Ministers on 2013-08-25)
- 11-Approval letter concerning making decisions for addressing manufacturing, investment and recruitment and developing economic stimulus and improving business setting (passed by Board of Ministers on 2013-09-08).
- 12-Forming Central Council for Coordination of Travelling Services for improving domestic terrorism (passed by Board of Ministers on 2014-01-12).
- 13-Approval letter for 2014 budget of authorities of free trade-industrial zones of Kish, Qeshm, Chabahar, Aras, Arvand, Anzali and Maku (passed by member ministers of Supreme Council of Free Trade-industrial and Special Economic Zones on 2014-03-11).

Regulations Adopted by the Supreme Council of Free Trade-industrial Zone and Secretary of Council^{519 520}



Addressing Importation of Restored Second-hand Goods from Free Trade-industrial Zones into Mainland

Passed by Supreme Council of Free and Special Economic Zones on 2010-03-09

1 (Amended on 2010-05-22): Industrial units located on free and special economic zones which are involved in restoring second-hand goods could conduct restoring activities and fulfill their obligations for next year. Their activities should be based on evidence they offer and solely for imported products and permits that lead to signing contracts with definite financial obligations. The deadline is 2010-03-09. The criterion for making decisions on such activities is regulations approved by Value-added Committee.

2-Authorities of free trade-industrial and special economic zones are not authorized to issue importation permit for goods that are solely imported to their area.

⁵¹⁹ The approved regulations included in this sector have been included here as received from Secretary of Supreme Council of Free Trade-industrial and Special Economic Zones.

⁵²⁰ The term “Supreme Council of Free Trade-industrial Zones” was turned to “Supreme Council of Free and Special Economic Trade Zones” and then to “Supreme Council of Free Trade-industrial and Special Economic Zones”.

3-Authorities of trade-industrial and special economic zones are not authorized to establish new units for restoring second-hand goods.

Other Approved Regulations



In regard to special economic zones, the following regulations were passed. For reviewing their texts, refer to regulations concerning free trade-industrial zones included in this collection.

From Law on Determining Duties of Governors, their Assignment and Discharge (passed by Supreme Administrative Council on 1998-10-20)

Method of Importation of Vehicles Manufactured in Free and Special Economic Zones to Other Parts of Iran (Passed by Economic Council on 2000-10-28)

From Approved Amendment of Terms and Regulations of Offering Loans from Foreign Currency Reserve Account by Board of Trustees of Foreign Currency Account (passed by 2010-07-31)

Enforcing Typical Plans or Plans with Preferential Terms in Free Trade-industrial and Special Economic and Less Developed Zones (passed by Board of Trustees of Foreign Currency Reserve Account on 2011-01-08)

From Law on Long-term Strategy for Development of Industry, Mines and Trade Sectors from Viewpoint of Land Use (passed by Land Use Council on 2014-03-10).

Guideline for Foreign and Domestic Transit Goods (passed by Customs Organization of Islamic Republic of Iran on 2014-06-07)

From Executive Plan of Resilient Economy: Principles, Evidence, Objectives and Operational Policies by Deputy Department of Strategic Planning and Surveillance (passed by Economic Council on 2014-07-07)⁵²¹

From Law on Making Decisions regarding Method and Terms of Using National Development Fund (Passed by Board of Trustees of National Development Fund on 2014-07-08).

⁵²¹ At the moment, Management and Planning Organization

Annex

**Record of Assigning Authorities of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (passed on 1993-08-29) and Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (approved by Supreme Council of Free Trade-industrial and Special Economic Zones
(Passed on 2005-06-01)**

Assigning Duties and Authorities of Board of Ministers in Law on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran⁵²²

**(approved by Supreme Council of Free Trade-industrial and Special Economic Zones
Passed on 1993-09-22)**

(Amended on 1993-11-03): Duties and authorities of boards of managers in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (except for note. 2 in article 1 of above law, passed on 1993) were assigned to ministers in the council which is headed

⁵²² The approval letter was numbered H211T/2115 and passed on 1993-09-30.

by President. The council is composed of Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, Minister of Oil, Ministry of Power and Head of Planning and Budget Organization, Deputy Head of Economic Department, Head of Central Bank of Islamic Republic of Iran and Secretary of Supreme Council of Free Trade-industrial Zones.

Note. 1 (Amended on 1993-11-03)-The criterion for approval in above council is confirmative votes of at least four members of ministers in the meeting.

Note. 2 (Amended on 1993-11-03)-Supreme Council of Free Trade-industrial Zones will have a secretariat that could be administered by secretary of the council.

Note. 3 (Amended on 1993-11-03)-Secretary of Supreme Council of Free Trade-industrial Zones will be assigned by decree of President.

Forming a Council for Coordination among Authorities of Free Trade-industrial Zones of Islamic Republic of Iran

Passed by Board of Ministers on 1993-06-01

1-In order to coordinate authorities of free trade-industrial zones of Islamic Republic of Iran, a council made of following figures will be formed that was headed by President:

Minister of Economic Affairs and Finance, Ministry of Commerce, Ministry of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, Minister of Oil, Ministry of Power and Head of Planning and Budget Organization, Deputy Head of Economic Department, Head of Central Bank of Islamic Republic of Iran and Secretary of Supreme Council of Free Trade-industrial Zones.

2-Authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic republic of Iran (except for note. 2 in article 1 of above law; passed on 1994) were assigned to a council made up of ministers detailed in paragraph 1 above.

The criterion for decision-making of council is confirmative vote of four members at least. The approved regulations of the council could be enforced by approval of President and satisfaction of article 19 of Internal Bylaw of Board of Ministers.

3-The council and relevant committees developed in paragraphs 1 and 2 have secretariats. The secretariats are administered by head of council and relevant committee.

This approval letter substitutes approval letters no. H211T/21115 (passed on 1993-09-30) and H244T/42518 (passed on 1993-11-090).

**Assigning Authorities of Board of Ministers Addressed in
Paragraph D in Article 25 of Law of Second Economic, Social and
Cultural Development Plan of Islamic Republic of Iran
Passed by Member Ministers of Supreme Council of Free Zones in 1994 523**

Authorities of boards of managers in Law of Second Economic, Social and Cultural Development Plan of Islamic Republic of Iran (passed on 1994) were assigned to ministers in a council made up of Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, and Minister of Oil, Ministry of Power.

The criterion for approval of council is confirmative vote of members. The approved regulations of the council could be enforced by approval of President and satisfaction of article 19 of Internal Bylaw of Board of Ministers

**Assigning Authorities of Board of Ministers Addressed in
Paragraph D in Article 25 of Law of Second Economic Development
Plan to Member Ministers of a Council of Free Zones⁵²⁴**

Passed by Board of Ministers on 1995-01-25

Authorities of boards of managers (based on paragraph D in note 25 of Law of Second Economic, Social and Cultural Plan of Islamic Republic of Iran passed on 1995) were assigned to ministers in a council made up of Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of

⁵²³ The approval letter was numbered 405T/65213 and enforced on 1995-02-09.

⁵²⁴ The approval letter was numbered 409T/65632 and enforced on 1995-01-29.

Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, and Minister of Oil, Ministry of Power.

The criterion for approval of council is confirmative vote of members. The approved regulations of the council could be enforced by approval of President and satisfaction of article 19 of Internal Bylaw of Board of Ministers.

This text substituted approval letter no. H405T/65213 passed on 1995-01-23.

Assigning Authorities of Board of Ministers Addressed in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran and Paragraph D in Article 25 of Law of Second Economic, Social and Cultural Development Plan to Member Ministers of a Council⁵²⁵

Passed by Board of Ministers on 1997-12-21

Authorities of boards of managers as detailed in Law on Administration of Free Trade-industrial Zones of Islamic Republic of Iran (except for note. 2 in article 1 of above law; passed on 1993) and Law of Second Economic, Social and Cultural Development of Islamic Republic of Iran (passed on 1994) were assigned to ministers in a council made up of Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, and Minister of Oil, Ministry of Power, and Minister of Culture and Islamic Guidance.

The criterion for approval of council is confirmative vote of members. The approved regulations of the council could be enforced by approval of President and satisfaction of article 19 of Internal Bylaw of Board of Ministers.

Formation of a Council for Coordination of Authorities of Free Trade-industrial Zones of Islamic Republic of Iran⁵²⁶

Passed by Board of Ministers on 1997-12-21

⁵²⁵ This approval letter was numbered 19307/74235 and enforced on 1997-12-28.

⁵²⁶ This approval letter was numbered 19307T/76305 and passed on 1998-01-19.

1-(Amended on 2004-10-20): In order to coordinate authorities of free trade-industrial zones of Islamic Republic of Iran, a council made of following figures will be formed that was headed by President:

Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, Minister of Oil, Minister of Power and Head of Planning and Budget Organization, Deputy Head of Economic Department, Head of Central Bank of Islamic Republic of Iran and Secretary of Supreme Council of Free Trade-industrial Zones.

2 (Amended on 2004-10-20): Authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic republic of Iran (except for note. 2 in article 1 of above law; passed in 1998) were assigned to a council made up of ministers detailed in paragraph 1 above.

The criterion for decision-making of council is confirmative vote of four members at least. The approved regulations of the council could be enforced by approval of President and satisfaction of article 19 of Internal Bylaw of Board of Ministers.

3-The council and relevant committees developed in accordance to paragraphs 1 and 2 have secretariats. The secretariats are administered by head of council and relevant committee.

This approval letter substitutes approval letter No. H19037T/74235 (passed on 1997-12-28).

Formation of a Council for Coordination of Authorities of Free Trade- industrial Zones of Islamic Republic of Iran ⁵²⁷

Passed by Board of Ministers on 2005-12-04

1-(Amended on 2006-04-23): In order to coordinate authorities of free trade-industrial zones of Islamic Republic of Iran, a council made of following figures will be formed that was headed by President. In the case of absence of President, Vice President in Executive Affairs could take the charge.

Vice President in Executive Affairs, Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, Minister of Oil, Minister of Power and Head of Planning and Budget Organization, Head of Central Bank of Islamic Republic of Iran, Head of Supreme Council of Trade-industrial Zones, Head of Cultural Heritage and Tourism Organization

2 (Amended on 2006-04-23): Authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic republic of Iran (except for note. 2 in article 1 of above law; passed on 2005) were assigned to a council made up of ministers detailed in paragraph 1 above.

4-Approved regulations will be enforceable on approval of President and alignment with article 19 of internal bylaw of Government Cabinet.

5-The council and committees addressed by paragraphs 1 and 2 have secretariats that are administered by secretary of council who is assigned by Vice President in Executive Affairs.

This approval letter substitutes approval letter no. H19037T/76305 (passed on 1998-01-19).

⁵²⁷ This approval letter was numbered 43505T/159176 and enforced on 2009-11-01.

Formation of a Council for Coordination of Authorities of Free Trade-industrial Zones and Special Economic Zones of Islamic Republic of Iran⁵²⁸

Passed by Board of Ministers on 2009-10-07

1-(Amended on 2011-08-06): In order to coordinate authorities of free trade-industrial and special economic zones of Islamic Republic of Iran, a council made of following figures will be formed:

Minister of Economic Affairs and Finance, Minister of Industry, Mines and Business, Minister of Foreign Affairs, Minister of Road and Urban Development, Vice President of Department of Strategic Planning and Surveillance, President and Secretary

2 (Amended on 2011-08-06): Authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic republic of Iran (except for note. 2 in article 1 of above law; passed on 2005) were assigned to a council made up of ministers detailed in paragraph 1 above. 529

3-Authority of making decisions in regard to executive affairs was assigned to members of the council (as representatives of President) and approval and adjustment of relevant bylaws and regulations was regarded as authority of member ministers of the council.

4-Decisions and approved regulations of majority of ministers of the council are of similar positions as decisions of President and Board of Ministers. This is conditional upon satisfaction of article 19 of internal bylaw of Government Cabinet.

5-Secretary of the council will be held in office of Government Cabinet.

⁵²⁸ This approval letter was numbered H43505T/159175 and enforced on 2009-11-01.

⁵²⁹ This paragraph was adjusted based on an adjustment letter issued by Government Council issued by 2009-11-01.

Establishing the Supreme Council of Free Trade-industrial and Special Economic Zones⁵³⁰

Passed by Member Ministers on 2013-08-25

1(Amended on 2014-08-17)- In order to coordinate authorities of free trade-industrial and special economic zones of Islamic Republic of Iran, a council made of following figures will be formed. The council is headed by President.

Minister of Economic Affairs and Finance, Minister of Commerce, Minister of Interior Affairs, Minister of Labor and Social Affairs, Minister of Industries, Heavy Industries, Mines and Metals, Minister of Road and Transportation, Minister of Oil, Minister of Power and Head of Planning and Budget Organization, Head of Central Bank of Islamic Republic of Iran, and Secretary of Supreme Council of Free Trade-industrial Zones

Note: Secretary of the council is assigned by President.

2: Authorities and duties of Board of Ministers in Law on Administration of Free Trade-industrial Zones of Islamic republic of Iran (except for note. 2 in article 1 of above law; passed on 2005) were assigned to a council made up of ministers detailed in paragraph 1 above. 531
532

3- Authority of making decisions in regard to executive affairs was assigned to members of the council (as representatives of President) and approval and adjustment of relevant bylaws and regulations was regarded as authority of member ministers of the council.

4-Decisions and approved regulations of majority of ministers of the council are of similar positions as decisions of President and Board of Ministers. This is conditional upon satisfaction of article 19 of internal bylaw of Government Cabinet.

⁵³⁰ This approval letter was adjusted based on an adjustment letter issued by Government Cabinet on 2010-09-25.

⁵³¹ The law is included in this collection.

⁵³² The law is included in this collection.

