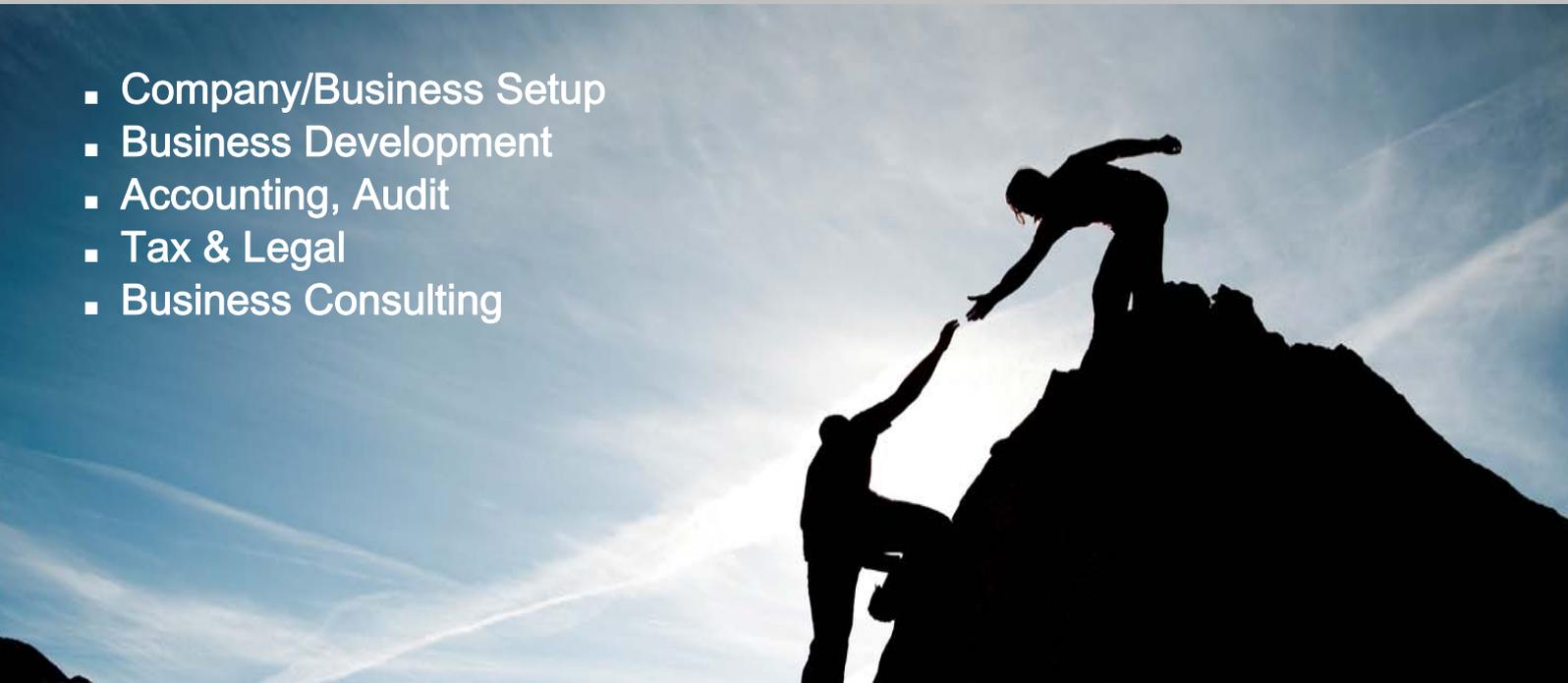


DE MICCO & FRIENDS
LAWYERS & AUDITORS
IRAN

COMPANY FORMATION IN IRAN

Your access to a 80 Million people business market

- Company/Business Setup
- Business Development
- Accounting, Audit
- Tax & Legal
- Business Consulting



DE MICCO & FRIENDS
LAWYERS & AUDITORS
IRAN

"WE CONNECT AND MANAGE
WORLDWIDE BUSINESSES,
IDEAS AND PEOPLE TO AND
FROM THE IRAN"

... make ideas happen!

COMPANY FORMATION, BUSINESS SETUP IN IRAN

DE MICCO & FRIENDS IRAN

De Micco & Friends Lawyers & Auditors are meanwhile represented with their lawyers, tax consultants, finance and real estate experts in all major cities in Iran. The Iran Group's headquarters are in Tehran. As a client of De Micco & Friends, you will receive local and international legal and tax advice from a network of 500 lawyers and tax consultants providing the best quality at very good conditions.

Doing business in Iran

With the fourth-largest oil reserves in the world, the second-largest gas reserves and with zinc, copper and aluminium in the ground still, Iran is appealing to the extractives industry. More broadly, with a diversified economy, fast growing GDP, low inflation and nascent tourism sector, Iran holds the promise of being a lucrative market for those confident enough to enter it early.

Discover the advantages of using a single provider for all your business needs in Iran. We're aware that many of our clients face language and cultural issues when setting up their business in Iran. Once you have determined the best way to establish your business, be it a resident company or a Branch Office, we provide all the follow-up services you might need such as

- Accounting
- Payroll
- International Tax advice
- Immigration
- VAT registration
- Virtual office
- Legal Advice
- Real Estate Transactions
- Wealth Structuring for Individuals and Families...

Services after the foundation of your company

De Micco & Friends provide all the services you need AFTER your Iran company is formed. By having corporate/tax lawyers, auditors, accountants, consultants and payroll specialists in the same office, your business needs are covered, and information passes between them without requiring your intervention.

More than a legal setup

At De Micco & Friends business consulting firm, we not only care for the legal company setup but we also provide entrepreneurs with the **strategic guidance they need to build a successful business in the region.**

Our international and local consultants work closely with clients and our auditors to review their plans, discuss their goals and evaluate their potential liability. Then, we offer practical legal advice and a full solution tailored to your unique needs.

In Tehran and all cities of Iran you will get a full company set up for a flat fee.



BUSINESS IN IRAN

Due Diligence of Iranian Entities

- finding the right local partners and giving assurance that trading associates are not subject to international sanctions.

Compliance Reviews

- ensuring that your proposal conforms to global compliance requirements.

Contracts and agreements

- structuring contracts to be suitable for the Iranian context and law.

Anti Money Laundering Advice

- keeping your finances compliant to banking regulations as they apply to Iran.

Market Research

- through De Micco & Friend's access, market research carried out to give planning and operational data to those seeking to enter the Iranian market.

Grey Market Trade and Counterfeiting

- assisting manufacturers to deal with counterfeit or illegally imported goods present in Iran with their branding.

COMPANY FORMATION IN IRAN

Company forms for foreign firms and entrepreneurs

Foreign companies and individuals, entering the Iranian market and setting up an establishment in Iran, may choose between a joint venture company with an Iranian partner, or a company in the mainland with 100% foreign shareholding or a branch or representative office in Iran.

The Commercial Code of Iran (abbrev. IR-CC) contains four important topics. One of which is related to commercial companies. The IR-CC recognizes seven types of commercial companies, which could be associated with the following types of business:

1. Joint Stock Company or Corporation (Sherkat Sahami)
2. Limited Liability Company (Sherkat ba Masouliyat Mahdoud)
3. General Partnership (Sherkat Tazamoni)
4. Limited Partnership (Sherkat Mokhtalet Gheyr Sahami)
5. Joint Stock Partnership (Sherkat Mokhtalet Sahami)
6. Proportional Liability Partnership (Sherkat Nesbi)
7. Production and Consumption Cooperative Society (Sherkat Ta'avoni Towlid va Masraf)

From the above companies, three types of companies are of significant importance and are more common in Iran, which are **Private Joint Stock Company, Public Joint Stock Company, Limited Liability Company** and **Branches** of foreign companies.

I. Joint Stock Company (Public and Private)

The Joint Stock Company by law is defined as a company whose capital is divided into shares and the liability of the shareholders is limited to the par value of their shares. It is an independent legal entity, which may enter into contracts, may sue and may be sued. Therefore, shareholders' personal properties are separate from their contributions and the creditors of the company should pursue the properties belonging to the company. A managing board chosen from shareholders, by an ordinary general assembly, directs the company. The joint stock company may be either a public or a private company. The main difference between the two is that the public company may offer its shares and debt securities to the public while a private company may not. The form of a Public joint stock company is generally adopted by entities who wish to raise capital publicly, regardless of the fact that the company is listed on the board of stock exchange or not.



COMPANY FORMATION IN IRAN

I. Joint Stock Company (Public and Private)

The number of shareholders in the public one must be at least five persons and a private company may operate with at least three persons. Shares can be transferred, although this issue is subject to the certain restrictions in the private company and is subject to the approval of managing board or shareholders. The private joint stock company is the most common form of commercial enterprises in Iran and the one most frequently used by foreign investors in forming joint venture companies. Articles 1-300 of the amended IR-CC dated 1969 define the procedures, rights and obligations that govern the joint stock company and its shareholders.

II. Limited Liability Company

Two or more partners, who are only liable for the company's debts to the extent of their contribution, whereas, the capital is not divided into shares, may establish this type of company. Transfer of partnership share is very difficult, where a three quarters majority of partners is required to authorize this deal and share transfer should be notarized in the Notary Public. This company is managed by one or more directors, salaried or not, chosen from among the partners or outside, for a limited or unlimited period. Where a limited liability company consists of more than twelve partners a board of supervisors must control them. Articles 94-115 IR-CC define the procedures, rights and obligations that govern the limited liability company and its partners.

III. Joint Venture Companies

Depending on the size and nature of commercial activities and business plan of foreign companies, they may enter into joint venture agreement with Iranian companies and establish a joint venture company. Based on Iranian law, the amount of contribution imported **by foreign party is not subject to any limitation and it could be approved even up to 100% of equity share.** A joint venture company is a registered company in Iran and these types of companies may take either the form of a private joint stock company or in some cases a limited liability company.

IRAN FACTS

- **Area:** 1,648,195 sq km, slightly smaller than Alaska
- **Population:** 81,824,270 (July 2015 est.)
- **Median Age:** 28.8 years
- **Capital:** Tehran
- **Ethnic Groups:** Persian, Azeri, Kurd, Lur, Baloch, Arab, Turkmen and Turkic tribes
- **Religion:** Muslim (official) 99.4% (Shia 90-95%, Sunni 5-10%), other (includes Zoroastrian, Jewish and Christian) 0.3%, unspecified 0.4% (2011 est.)
- **GDP** (purchasing power parity): \$1.371 trillion (2015 est.)
- **GDP per capita:** \$17,300 (2015 est.)
- Unemployment: 10.5% (2015 est.)
- Almost 70 percent of the population of Iran is under 30 years of age.
- **Borders:** Iraq, Turkey, Azerbaijan, Turkmenistan, Armenia, Afghanistan, and Pakistan.
- **Industries:** petroleum, petrochemicals, gas, fertilizers, caustic soda, textiles, cement and other construction materials, food processing (particularly sugar refining and vegetable oil production), ferrous and nonferrous metal fabrication, armaments.

IRAN FACTS

- **Exports:** \$78.99 billion (2017 est.)
petroleum 80%, chemical and petrochemical products, fruits and nuts, carpets, cement, ore
- **Imports** \$70.63 billion (2017 est.)
industrial supplies, capital goods, foodstuffs and other consumer goods, technical services.
- **Time Zone** UTC + 03:30
- **Currency:** Rial (ریال)(IRR)
- **Natural resources:** petroleum, natural gas, coal, chromium, copper, iron ore, lead, manganese, zinc, sulfur.
- **Phone Calling Code:** +98

COMPANY FORMATION IN IRAN

IV. Foreign Companies' Branch / Representative Office

One of the simplest and most common means for commercial transactions and investment could be an establishment of a branch or representative office of a foreign company in Iran.

According to Iranian Law the **branch office of a foreign company** is the subordinate local unit of the principal company, which carries out the objectives, and functions of the principal company in that location. The activity of the branch in the location must be conducted under the name and responsibility of the principal company. The representative of the foreign company, is the natural person or legal entity who is in charge according to the representation (agency) contract, with carrying out a certain part of the object and functions of the principal company. The representative of the foreign company shall be responsible with respect to the activities carried out in the location under the agency granted by the principal company.

Foreign companies, which are recognized as a legal company in their country of origin, may register their branch or representative in Iran, for activities listed below, in conformity with the country's laws and regulations and by observing the principle of reciprocal action:

1. Offering after-sale services for the goods or services of the foreign company;
2. Carrying out the executive operations of the contracts concluded between Iranian persons and foreign companies;
3. Studying and laying grounds for the foreign company's investment in Iran;
4. Cooperation with Iranian technical and engineering companies for undertaking activities in third countries;
5. Increasing the non-oil exports of the Islamic Republic of Iran;
6. Offering technical and engineering services and transfer of know-how and technology;
7. Engaging in activities permitted by the governmental agencies legally authorized to issue such permits, in areas such as offering services in transportation, insurance and surveying, banking, marketing, etc.

One or a number of natural persons residing in Iran or having a residence permit as to allow him to travel to and from Iran at any time should manage the branch or representative office.



COMPANY FORMATION IN IRAN - OVERVIEW

	Limited	Joint Stock	Branch Office
Local Law	Iranian Commercial Law, Iranian Attraction and Protection of Foreign Investment Act	Iranian Commercial Law, Iranian Attraction and Protection of Foreign Investment Act.	Iranian Commercial Law, Iranian Attraction and Protection of Foreign Investment Act.
Obligations	-	-	Mother Company
Founder	2 or more	3 or more	Mother Company
Initial Capital	1,000,000 Rials	3,000,000 Rials	-
Liability	Limited by Shares	Limited by Shares	Mother Company
Incorporation	Statutes and Registration	Articles of Incorporations	Registration
Company Name	Free and Company Form	Free and Company Form	Mother Company
Formalities and Process	Low	Moderate	Low
Credit / Funds	Generally Possible	Generally Possible	Possible
Accounting Obligation	Yes	Yes	Yes
Management	At least 1 director	3 board members	At least 1 director
Formalities and Process	Low	Moderate	Low
Nationality	Free	Free	Free
Taxation	DT + VAT tax	DT + VAT tax	DT + VAT tax Audit

COMPANY FORMATION, BUSINESS SETUP IN IRAN

DE MICCO & FRIENDS - IRAN

Full Service Packages

We offer a full package service for foreign clients interested to fully establish their business in Iran. This packages will include the following services:

- Acquiring the foreign national ID for the foreign shareholders
- Registering the company with 100% ownership
- Getting the published gazette.
- Seal and certificate the legal books.
- Prepare office lease agreement.
- Prepare resident lease agreement.
- Consult and assist the client to open file in tax office.
- Consult and assist the client to get work permission.
- Prepare employment agreement with necessary information.
- Provide Initial tax information.

Location	Form	Incorporation fees*	*Annual Service Fee	Annual Audit fee	Annual Office fee
All Iran	Limited Company	4,500 US\$	6,000 US\$	2,000 US\$	6,000 US\$
All Iran	Joint Stock Company	11,500 US\$	8,000 US\$	5,500 US\$	6,000 US\$
All Iran	Branch Office	4,500 US\$	4,500 US\$	2,500 US\$	6,000 US\$

* Incorporation fees include Government fees, legal, tax and license, incorporation costs for incorporation of the company, preparation and submission of Memorandum and Articles of Association and other ancillary services related to the establishment of the company including drafting the shareholders agreement.

** Annual Service fee includes office address and director. The annual virtual office fee depends by the services Disbursements such as fax, telephone, photocopies, courier, travel expenses, notary fees, governmental fees, apostille fees and similar charges are billed separately.

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BRANCHES IN SPAIN

Palma de Mallorca, A Coruña, Alicante,
Almería, Altea, Barcelona, Bilbao, Cádiz,
Gran Canaria, Ibiza, Madrid, Marbella,
Málaga, Murcia, Onda (Castellón), Oviedo,
Sevilla, Tenerife, Valencia, Valladolid,
Vizcaya (Getxo).

**INTERNATIONAL BRANCHES
& PARTNERS**

PALMA, ZURICH, FRANKFURT, PARIS, MILAN,
MONACO, BUKAREST, SOFIA, IZMIR, MALTA,
ANKARA, ISTANBUL, SOFIA, RABAT, CASA
BLANCA, TRIPOLI, CYPRUS (LIMASSOL),
MOSCOW, ST PETERSBURG, TEHRAN, PUNE
(INDIA), DAMASCUS, DUBAI, BAHRAIN, RIAD,
ABU DHABI, SINGAPORE, SIDNEY, NEW
YORK, LOS ANGELES, LAS VEGAS, SAN
FRANCISCO, DALAS, TOKYO, PANAMA,
BOGOTA, LIMA, CARACAS, SANTIAGO DE
CHILE, RIO DE JANEIRO, CUIDAD DE MEXICO,
BUENOS AIRES, COSTA RICA (SAN JOSE),
SANTO DOMINGO, CUBA (LA HABANA)...