

Law and Bylaw SEZs

The Law on the Establishment and Management of Special Economic Zones Islamic Republic of Iran

Part 1 – Object

Art. 1 –

In order to support economic activities, establish international commercial relation, motivate regional economy, produce and process goods, transference of technology, exportation of non-oil materials, establishment of creative jobs, attraction and encouragement of domestic and foreign investments, re-export, foreign passage to abroad (transit), and transference of goods (transshipment), the government is permitted to establish regions known as Special Economic Zones in the cities having required talents and capabilities in order to achieve the above-mentioned objects.

Note 1:

In Special Economic Zones established for definite activities, determination of geographical limits, master plan and structural design, type and scope of authorized activities of each of them shall be determined as per this Act upon suggestion of Secretariat and approval of Board of Ministers.

Note 2:

Establishment of new Special Economic Zones shall be possible upon approval of the Islamic Consultative Assembly.

Part 2 – Definitions and Generalities:

Art. 2 –

In this Act the following words are used in lieu of the relevant names and expressions.

Country: Islamic Republic of Iran

Customs: Customs of the Islamic Republic of Iran

Zone: Special Economic Zone

Organization: Organization of each Special Economic Zone

Secretariat: Secretariat of the High Council of Free Zones

Art. 3 –

For execution of this Act the Board of Ministers shall take the following liabilities:

A- Determining or changing responsible organization of the zone including governmental and non-governmental.

B- Supervising the activities of the zones within the framework of the programs and objects thereof.

Note 1:

Board of Ministers can establish a governmental organization to manage Special Economic Zone, if necessary. Articles of Association of these Organizations shall be approved by Board of Ministers upon suggestions of the secretariat.

Note 2:

Determination of responsible organization in the zone from among non-governmental legal persons is subject to possession (or official delivery by related governmental authorities) and possession of the lands located at the limit of (within the limits of) special economic zone by non-governmental legal persons before issue of the license by Board of Ministers. Regulations for change of responsible organization in the zone are subject to the contract signed between secretariat and organization by observing this Act.

Art. 4 –

The organization, upon by-law will be approved by the Board of Directors, in addition to the services provided by the Executive Departments, can collect a certain amount of charge against providing general, infrastructure, engineering, facilities, storekeeping, discharge, loading, health, culture, communications, educational, and welfare services. Those natural and legal persons engaged in goods and services production activities are exempted from any duties applicable in the zone.

Art. 5 –

Activities of organization in the zone are merely within scope of activities permitted on the basis of this Act.

Art. 6 –

Annual budget of each zone, managed by the Governmental Organization, shall be prepared within policy making framework and observance of public programs and will be approved according to the provisions of Articles of Association.

Art. 7 –

Issuing the license for fulfillment of economic, development, construction, cultural, educational, and services being in compliance with policies and public regulations, framework of the comprehensive and structural plan, approved for each zone, will be placed at disposal of the responsible organization.

Note:

If case of any violation of any of the said policies and regulations, the concerning authorities shall inform the responsible organization of such violation, and the organization is obliged to remove such case of violation.

Part 3: Regulations for import and export of the goods:

Art. 8 –

Commercial transactions of this zone with other countries or other special economic zones as well as Special Economic Zones and Free Trade - Industrial Zones will be exempted from customs duties, commercial benefit, and all import and export duties after register in Customs. They shall be excluded from limitations and prohibitions stipulated in import and export regulations except those imposed lawfully and canonically. Commercial transactions of the zone with other placed in the country, except the zones mentioned above are subject to export and import regulations.

Note 1:

Those goods shipped to the Zone from other points in the country for applying and consuming purposes are assumed as internal shipments. But their export to abroad is subject to export and import regulations of the country, approved on Sept.26, 1993.

Note 2:

Those exporting goods for which export formalities (including bank and administrative affairs) is completed, shall be assumed as final after enter to export area.

Note 3:

Foreign made raw materials and parts imported to the zone for which import to the country for processing, changing, completion, or repair shall be subject to provisional import regulations and they will be returned to and settled within the zone for using purpose after processing, changing, completing or repairing provided fulfillment of minimum customs formalities.

Art. 9 –

Import of any amount of goods from zone to any part of Iran along with the passengers is forbidden.

Art. 10 –

Importers are authorized to sell (other = to be omitted) the whole or part of their goods imported to the zone against separated (partialize) warehouse receipt of transaction shall be issued by the Organization of that zone. In this case the holder of separated warehouse receipt shall be considered as owner of the goods.

Note:

Management of each zone is authorized to issue, upon request of the applicant, Certificate of Origin for those goods exported from the zone, provided confirmation of the Iran Customs Department. Banks of the country are obliged to accept the subject of this note.

Art. 11 –

Those goods produced or processed in the zone at the time of import to other points in the country shall be assumed as authorized and domestic produced goods for the whole amount of added value and value of domestic raw materials as well as inner parts, and therefore they are exempted from import duties.

Note 1:

Method of determination of added value shall be explained in executive by-law of this Act.

Note 2:

Foreign made raw materials and parts used in finished or processed goods shall be considered as domestic make raw materials and parts, provided paying import duties. Commercial Profit stipulated in import duties for automobile and its separated parts is determined upon observance of Art.72 of the Law for drawing part of financial regulations of the governments, approved on Feb.10, 2002.

Art. 12 –

Customs of the Islamic Republic of Iran shall accept request of owners of the goods for transit and direct shipping from other import gates to the zones and shall provide required facilities in this regard.

Art. 13 –

The grace period in which the entered goods stationed in the Zone is upon the discretion of the Director of the Zone. Regulations related to the stop of the goods in the places designated in the zone shall be determined and applied by the Organization.

Part 4 – Investment and Registration Regulations:

Art. 14 –

Method of reception, ingress and egress of foreign capital, profit gained thereof by the zone, procedure and the extent of foreigners' participated in the activities of each Zone shall be based in accordance with the Law on the attraction and protection of foreign investments decreed on the March 10, 2002

Art. 15 –

State Organization for Registration of Title Deeds and Real Estates is authorized to carry out the following operations according to the by-law approved by Board of Ministers upon request of organization of the zone.

A) To register company or representation branches for those companies intended to activate in the zone, regardless of their domestic and/or foreign contribution and also register their material and intellectual ownership in the zone.

B) To partialize the properties and real estates located in the Zone with due to the views of the Zone Organization and issue of related partialized ownership documents with regards to the current state regulations.

Fifth Part: Miscellaneous Regulations:

Art. 16 –

Issues pertaining to employment, Labour relations, insurance, and social security in the zone shall be according to the approved and current regulations in Free Industrial–Trade Zones.

Art. 17 –

Any right possessed by natural and legal persons before establishment of zone shall be valid and they are authorized to continue their activities within framework of master plan of the zone.

Art. 18 –

Ministries, Organizations, Institutes, Governmental Companies and those affiliated to the government shall provide the zone with those required public utilities such as electricity, water, telecommunications, fuel, etc. within scope of their facilities at current approved rates for that geographical area.

Art. 19 –

The existing zones are subject to this Act and the responsible organizations established in Special Economic Zones until approval of this Act in order to continue their activities are obliged to comply with this Act within maximum one year (as of date of approval of this Act).

Art. 20 –

Special Economic Zones are excluded from Customs territory of the Islamic Republic of Iran, and the Customs Department, by observing provisions of Art.8 of this Act, is obliged to be stationed at the entrance and exit gates in order to exert imports and export regulations.

Art. 21 –

Activities made inside each zone, except those referred in this Act, shall be subject to observance of rules and regulations of the Islamic Republic of Iran.

Art. 22 –

The responsible public organization is authorized to sell its properties and lands in the concerned zone base on the prices determined by the expertise quotation.

Note:

Transfer of the lands subject to this article by natural and legal persons based on application of the land is subject to submission of Construction Termination Certificate, issued by the organization of each zone.

Art. 23 –

As of date of approval of this Act in the zones where they have governmental responsible organization or affiliated, that organization shall be liable against any rights, powers, and legal obligations of the Ministry of Jihad Keshavarzi, Organization for Jungle and Pastures in the Land Affairs and Natural Resources of each zone.

Art. 24 –

Applying governing issues based on statutory regulations is the responsibility of the government.

Art. 25 –

Executive by-law of this Act shall be approved by Board of Ministers upon suggestion of the Ministry of Finance and Economic Affairs, Ministry of Commerce, and State Organization for Management and Planning as well as Secretariat of High Council of Free Zones.

The above-mentioned Act consisting 25 Articles and 12 Notes was approved in public meeting of the Islamic Consultative Assembly held on June 1, 2005 (Wednesday), and it is approved by Expediency Assembly on Nov.26, 2005 by amending Note (1) and adding one note to it and notes (1), (2) to Art.3 as well as adding one article entitled Art.24.

Gholam Ali Haddad Adel

President of Islamic Consultative Assembly

Signed

True translation certified. Tehran. Aug.11, 2009.k.m.\2522\P5

Emblem

Islamic Republic of Iran

Office of President

Approval of Commission of Art.138 of Constitutional Act

Secretariat of High Council of Free Industrial–Trade Zones

Ref. No. : 35361T/34186

Date : May 27, 2007

The Ministers being member of the High Council of Free Trade- Industrial Zones in the meeting held on May 22, 2006, based on Art.138 of Constitutional Law of the Islamic Republic of Iran and by observing provisions of Approval No.H34804T/11039, dated April 29, 2006, approved Executive By-law for Establishment and Management of Special Economic Zones of the Islamic Republic of Iran as follows:

Executive By-law for Establishment and Management of Special Economic Zones of the Islamic Republic of Iran

Art. 1 –

In this by-law, the following words are used in lieu of the relevant names and expressions.

Country: Islamic Republic of Iran

Customs: Customs of the Islamic Republic of Iran

High Council: High Council of Free Industrial–Trade Zones and Special Economic Zones.

Secretariat: Secretariat of the High Council of Special Economic Zones

Zone: Special Economic Zone

Organization of the Zone: Legal governmental or non-governmental persons determined by High Council upon suggestion of the Secretariat, which is responsible to manage the zone.

Art. 2 –

Master plans and structural designs of the zones shall be prepared by the Organization of the zone, and approved by the High Council upon suggestion of Secretariat.

Art. 3 –

The report of feasibility study and draft of the bill for establishment of new special economic zones shall be prepared by Secretariat, and once approved by High Council, shall be decreed to the Board of Ministers.

Art. 4 -

Director of the zone shall be assigned by the organization of the zone.

Art. 5 –

Determination of Organization of the zone shall be subject to ownership and possession of subject lands before issue of the license by the Board of Ministers.

Art. 6 –

The organization of the zone, in addition to the services provided by executive departments, is authorized to collect the charge of public utilities, infrastructural, engineering, facilities, storekeeping, discharge, loading, health, cultural, communications, education, and welfare services, personally provided in the zone from natural and legal persons. Tariff of the said charges that should be in proportion to the related services with the aim of keeping competitive status of the zone shall be determined by the organization and will be sent to the High Council for approval. The council shall take procedures for approval or amendment of the said tariffs within one month, otherwise it will be assumed as confirmed tariffs.

Note 1:

Observance of the engineering system regulations and using services provided by consultant engineers and technically qualified contractors regarding engineering services is mandatory.

Note 2:

Organization of the zone is obliged to apply required procedures and opportunities to provide the said services by the non-governmental section. In this case the tariff rate of the said services shall be determined and applied by responsible organizations.

Art. 7 –

The responsible organization of the zone is obliged to observe and apply governmental polices and regulations upon issue of business activity license.

Note:

If the licenses issued by the organization differ from governmental policies and regulations, the issuing organization shall be liable to compensate any probable damages to the natural and legal persons.

Art. 8 –

Commercial transactions of the zone with foreign countries or other special economic zones and Free Trade-Industrial Zones require submission of customs declaration without requesting any other formalities.

Note:

Guarantee of the Organization of the zone is acceptable by Iran Customs for once or one year.

Art. 9 –

Goods imported to the zone for repair or completion from other parts of the country shall be returned to the country after repair or completion. They will be included for import duties based on export or import regulations in proportion to the value of changed or added parts having foreign basis.

Art. 10 –

Return of the exact goods imported to the zone from abroad or other parts of the country to their origin is permissible through license of the organization and without requesting any formalities, provided that information related to the import of the said goods is declared.

Art. 11 –

Foreign made raw materials and parts imported to the zone for which import to the country for processing, changing, completion, or repair shall be subject to provisional import regulations and they will be returned to and settled with the zone for using purpose after processing, changing, completing or repairing provided fulfillment of minimum customs formalities.

Art. 12 –

In order to apply legal supervisions, the shipping Institutes and owners of vehicles should submit the organization of the zone or Customs in that zone of copy or transcript of the B/L consisting all items of their provides at the arrival of their vehicles to the zone.

Art. 13 –

Added value subject of Art.11 of Law shall be determined by a Commission consisting representatives of the Ministry of Industries and Mines, Ministry of Commerce, Central Bank of the Islamic Republic of Iran, Iran Customs, Secretariat and Concerned Zone, held in the Secretariat.

Note 1:

Total added value and value of domestic made raw materials and parts used in the finished goods determined by above-mentioned commission, shall be assumed as domestic made goods and will be exempted from import duties when they are sent to any part of the county.

Note 2:

Import of finished goods in the zone exceeding added value to the domestic parts across the country is permissible and the import duty is merely collected for the foreign made raw materials and parts used in the goods.

Art. 14 –

The organization of the zone shall determine stop deadline for the goods imported to the zone. The organization can insert deadline at the back of warehouse receipt as a stipulated condition and asks the owner of the goods to sign it. The organization can also stipulate that if the owner of the goods fails to take out his goods within determined period or dispose the situation, then the organization shall be entitled to apply its regulations in hand regarding those goods after sending a one month notice.

Note:

The owner of the goods is a natural or legal person or the shipping company whose manifest, separated or endorses warehouse receipt is issued to him.

Art. 15 -

Registering the company or representation branches for those companies intended to activate in Special Economic Zone, regardless of their domestic or foreign contribution and also register of their materials and intellectual ownership in the zone based on request of organization of the zone is the responsibility of Department for Registration of Deeds and Real Estate and will be according to the regulations for Register of Companies, Industrials and Intellectual Ownership in Free Industrial – Trade Zones of the Islamic Republic of Iran, subject of Approval No.15011T/21453, dated May 20, 1995, and the latter amendments.

Note:

All duties and powers arises from clauses (3) and (6) of Article (1) and Articles (2) and (3) of the said Letter of Approval is delegate to the concerned Department for Registration of Deeds and Real Estate.

Art. 16 –

Department for Registration of Deeds and Real Estate shall separate real estate of the zone and issues Title Deed merely upon request of the Organization of that zone. Transfer of real estate among the natural and legal persons at any state shall be possible upon information of the Organization and observance of related regulations.

Note:

Issuance of Separation Title Deed is subject to submission of Construction Completion Certificate issued by the organization of the zone.

Art. 17 –

The issues related to the employment, business relations, social security, work contract, terms of work, and dispute settlement authorities thereof shall be according to employment, insurance, and social security

regulations in Free Industrial – Trade Zones, subject of Approval No.K25T/33433, dated June 6, 1994, and later amendments.

Note:

The expression "Free Industrial – Trade Zones" mentioned in the said Letter of Approval for execution in the Special Economic Zones can be replaced with "Special Economic Zones".

Art. 18 –

Organizations of the zones are obliged to send their monthly export and import statistics to the Ministry of Commerce, Customs, and Central Bank of the Islamic Republic of Iran, and Secretariat.

Art. 19 –

In order to achieve the objects and missions, the Secretariat is obliged to supervise completely the operations of the zones and report it to High Council every six months. The zones shall respond to High Council for their operations.

Note:

In execution of this legal duty, Secretariat is obliged to examine all documents and instruments of the organization, without exception, including Offices, Files, Contracts, and Correspondences. The organization shall also cooperate the Secretariat in this regard.

Art. 20 –

For those issues nothing stipulated in the law and this by-law, shall be according to the export and import regulations as well as customs affairs.

Emblem

Islamic Republic of Iran

Office of President

Approval of Board of Ministers

Ref. No. : H34804T/11039

Date : April 29, 2006

Board of Ministers in the meeting held on April 23, 2006 upon suggestion of Executive Deputy of the President under No.No.84814, dated Mar.7, 2006, and by virtue of Art.138 of Constitutional Law of the Islamic Republic of Iran, approved:

Amendment of Approval No.H34169T/57720, dated Dec.12, 2005, as follows:

- 1) In clause (1), after the expression "Industrial – Trade" the word "and Special Economic Zone" is added.
- 2) In clause (2) before the word "Commission" the expression "and the Act for Establishment and Management of Special Economic Zones of the Islamic Republic of Iran, approved in 2005 (except note (2) of Art. (1) of the said Act.) is added.