

An aerial night photograph of Iran, showing the country's rugged terrain and numerous cities illuminated by warm yellow and orange lights. The Persian Gulf is visible to the east, and the surrounding regions are also partially lit. The sky is a deep blue, and the overall scene conveys a sense of a vast, active nation at night.

# **DIRECT TAXES ACT**

(With the latest amendments approved by July 22, 2015)

# **IRAN**

“In The name of god”

# Direct Taxes Act of the Islamic Republic of Iran

With the latest amendments approved by July 22, 2015

Hamid Dianatpey

First Edition  
13 January 2016

Dedicated to all children with cancer  
Dedicated to all children with cancer



All rights reserved©  
All rights reserved©

## **INDEX**

<b>TITLE A - TAXABLE PERSONS</b>	<b>4</b>
<b>TITLE B - PROPERTY TAXES</b>	<b>5</b>
Chapter one - Annual Tax on Real Properties	5
Chapter two - Tax on Unoccupied Residential Immovable Properties	5
Chapter three - Tax on Undeveloped Lands	5
Chapter four - Inheritance Tax	5
Chapter five - Stamp Duty	9
<b>TITLE C - INCOME TAX</b>	<b>11</b>
Chapter one - Real Estate Income Tax	11
Chapter two - Tax on Income from Agriculture	18
Chapter three - Tax on Salary Income	18
Chapter four - Tax on Individual Business Income	21
Chapter five - Tax on the Profits of Legal Persons	24
Chapter six - Tax on Incidental Income	29
Chapter seven - Tax on Aggregate Income	30
<b>TITLE D - ON MISCELLANEOUS PROVISIONS</b>	<b>31</b>
Chapter one - Exemptions	31
Chapter two - Acceptable Expenses and Depreciations	39
Chapter three - Tax Indicia and Coefficients	42
Chapter four - General Provisions	42
Chapter five - Taxpayers' Duties	49
Chapter six - Third Parties' Duties	51
Chapter seven - Tax Incentives and Fines	53
Chapter eight - Serving of Process	56
Chapter nine - Collection of Tax	57
<b>TITLE E - TAX ASSESSMENT ORGANIZATION AND TAX FORA</b>	<b>59</b>
Chapter one - Tax Assessment Authorities and their Duties and Powers	59
Chapter two - Manner of Examination	62
Chapter three - Forum for Settlement of Tax Disputes	63
Chapter four - Supreme Tax Council and its Duties and Powers	66
Chapter five - High Tax Disciplinary Board and its Duties and Powers	68
Chapter six - Tax Disciplinary Prosecutor and his Duties and Powers	69

## **TITLE A - TAXABLE PERSONS**

**Article 1** The following persons shall be liable to taxation:

- (1) All the owners, whether real or legal persons, with regard to their personal and real estates located in Iran, in view of the provisions of Title B;
- (2) Every Iranian real person, residing in Iran, on all his incomes derived in Iran or abroad;
- (3) Every Iranian real person, residing abroad, on all his incomes derived in Iran;
- (4) Every Iranian legal person on all its profits derived in Iran or abroad; and
- (5) Every non-Iranian person (whether real or legal) on the incomes or profits derived by such person in Iran, as well as from Iranian sources for granting of licenses or other rights, and or for the provision of trainings and or technical assistance, and for the transfer of cinematograph films (whether the latter income or profit is derived under the title of film prices or screening fees, or under any other titles).

**Article 2** The following persons shall not be liable to taxes provided in this Act:

- (1) Government ministries and institutions;
- (2) Government budgeted enterprises;
- (3) Municipalities; and

**(4) Foundations and institutions of the Islamic Revolution licensed breaks from Imam Khomeini and Supreme Leader** [\(July 22, 2015\)](#)

**Note (1)** The companies whose capital is wholly or partially owned by the persons and institutions mentioned in the above paragraphs, shall not be subject to the provisions of this Article in respect of that portion of their income or profit which belongs to those persons and institutions. The provisions of this Note shall not infringe the due entitlements of such companies to the exemptions provided in this Act.

**Note (2)** The income from economic activities, such as industrial, mining, commercial, and services activities, as well as other producing activities derived by the persons subject to this Article through noncompany channels shall be taxed separately for each case, at the rate provisioned in the Article 105 of this Act.

In such cases, those responsible for administration of the relevant affairs are obligated to discharge their duties under this Act with regard to the share of income attributable to the previously mentioned activities. Otherwise, such persons and the respective taxpayers shall have joint and several liability for the payment of the applicable taxes.

**Note (3)** Whenever the tax exemption referred to in this Article, pertains to cases for which some authorization from Hazrat Imam Khomeini (upon him be the grace of God) or the High Spiritual Leader does exist, the relevant cases shall be treated according to the view of the High Spiritual Leader.

## **TITLE B - PROPERTY TAXES**

### **Chapter one - Annual Tax on Real Properties**

**(Articles 3 through 9)deleted.**

### **Chapter two - Tax on Unoccupied Residential Immovable Properties**

**(Articles 10 and 11) deleted.**

### **Chapter three - Tax on Undeveloped Lands**

**(Articles 12 through 16)deleted.**

### **Chapter four - Inheritance Tax**

**Article 17** Property and assets that died the death of a person, whether real or imagined transmitted, as follows is taxable: [\(July 22, 2015\)](#)

(1)Toward the bank deposits ,bonds and other worthy documents except cases referred to in paragraph (2) of this article and profits belong to them and also dividend and partnership shares up to date transfer to heirs the rate of three percent (3%). or payment and delivery of them [\(July 22, 2015\)](#)

(2)Toward the shares and partnership shares and the priority of them one and one-half (1/5) of these rates in note (1) article (143) and article (repeated 143) of this Act according to the provisions in date of transfer to heirs. [\(July 22, 2015\)](#)

(3)Toward the royalty and other property and financial rights in mentioned paragraph it's not clear.The rate of ten percent (10%) recorded value at the date of delivery or transfer to heirs. [\(July 22, 2015\)](#)

(4)Toward the all types of Motor Vehicles, land, sea and air the rate of two percent (2%) the prices announced by INTA on registration of transfer to heirs. [\(July 22, 2015\)](#)

(5)Toward to property and the right to place one and one-half (1/5) of the said rates in Article 59 of this law on the basis of the value of real estate transactions or the equivalent value of the right to dispose of the case, the date of transfer to heirs. [\(July 22, 2015\)](#)

(6)To property owned by the late Iranian located abroad after deduction of the inheritance tax, which is paid for on the location of the property the rate of ten percent (10%) of the value of the legacy that the basis of calculation of inheritance tax in the country where the property is located. [\(July 22, 2015\)](#)

Note (1) Calculation of inheritance tax on the deceased before the entry into force of this act March 21, 2016 (01/01/1395) whether or not made up their tax records, will not be subject to this article. [\(July 22, 2015\)](#)

Note (2) Rates are referred to in this article is the first heirs If the heirs are second and third, respectively, two and four times the rates mentioned in this article will be. [\(July 22, 2015\)](#)

Note (3) If the deceased and heirs are foreign nationals, property and assets that are located in Iran is deceased, the heirs will be taxed at the rate. [\(July 22, 2015\)](#)

**Note (4)** In cases where the heirs of their share of the property subject to paragraphs (2), (4) and (5) of this article shall transfer to third parties or other heirs, in addition to inheritance tax as this season, will be taxed in accordance with the regulations chapters. [\(July 22, 2015\)](#)

**Note (5)** Rights arising from hire-purchase contracts with banks and other financial credit creation, and the upper area of the property based on the value of trading on the date of transfer to heirs will be calculated. [\(July 22, 2015\)](#)

**Article 18** For the purposes of this Act, the heirs are divided into three classes:

- (a) The first-class heirs, including the father, mother, wife or husband, children and grandchildren of the decedent;
- (b) The second-class heirs, including the grandparents, as well as the brother and sister of the decedent and their children; and
- (c) The third-class heirs, including the brother and sister of the father and mother of the decedent, as well as their children.

**Article 19 Deleted.** [\(July 22, 2015\)](#)

**Article 20 Deleted.** [\(July 22, 2015\)](#)

**Article 21** Which is part of the deceased's property and inheritance laws or special laws, stripped of their property or compensation for the persons referred to in Article (2) of the Act is, with the approval of the parties outside the scope of inheritance tax, if for stripping property is wrong, change the value of the property expropriated or less each, the property subject to the inheritance tax issue related rows in Article 17 of this law will be subject to tax. [\(July 22, 2015\)](#)

**Article 22 Deleted.** [\(July 22, 2015\)](#)

**Article 23 Deleted.**

**Article 24** The following properties shall not be liable to the taxation provisioned in this Chapter:

- (1) Retirement and survivors pensions, service-related savings, termination of employment benefits, claims for dismissal compensation, buying out of services and unused accrued leave, social security payments, as well as the payments made by the insurance or insured institutions or by employers, such as **Types of life insurance**, death compensation, *Diyeh*<sup>1</sup> and the like, that are paid to the decedent's heirs as a lump sum or in the form of regular payments; [\(July 22, 2015\)](#)
- (2) Movable properties belonging to persons subject to Paragraph 4 of Article 39 of the Vienna Convention of April 1961 (*Farvardin 1340*), Article 51 of the Vienna Convention of May 1963 (*Ordibehesht 1342*) and Paragraph 4 of Article 38 of the Vienna Convention of March 1975 (*Esfand 1353*), with due observance of the provisions of the said conventions and subject to reciprocal treatments;
- (3) Properties endowed, vowed or tied up for the benefits of the organizations and institutions mentioned in Article 2 of this Act, provided that such dedications are confirmed by the same organizations and institutions.
- (4) Eighty percent(80%) of the decedent's participation bonds and his deposits with the Iranian banks and their branches abroad and in authorized non-bank credit institutions, as well as fifty percent(50%) of the value of the decedent's shares in the companies listed in the Stock Exchange in view of the

---

<sup>1</sup> Blood money

relevant law, and forty percent(40%) of the value of the decedent's shares or partnership share in other corporations and forty percent(40%) of the net value of his assets in producing, industrial, mining and agricultural enterprises.

**Article 25** The first and second-class heirs of the martyrs of the Islamic Revolution shall not be subject to the inheritance tax provisioned in this Chapter with respect to the martyrs' properties.

For the purposes of the provisions of this Article, the realization of martyrdom shall be confirmed, by one of the branches of the Armed Forces of the Islamic Republic of Iran or the Martyr Foundation of Islamic Revolution.

**Article 26** Heirs of the deceased (individually or collectively) or guardian or trustee or guardian or legal representative, they are required to deduct the cost of burial and worship of customs and fiscal obligations and liabilities of the legal rules of inheritance of the deceased scholar Article (17) this Act, within one year from the date of death of the deceased statement containing all items on the time of death and said inheritance with the value of receivables and liabilities of the special form prepared by the national Tax Administration, including the following documents to submit to the competent tax administration: [\(July 22, 2015\)](#)

(1) Certified copies of documents or image relating to the deceased's debts and receivables. [\(July 22, 2015\)](#)

(2) Certified copies documentation of the positive image of the deceased property right to property and financial rights. [\(July 22, 2015\)](#)

(3) Certified copies of the last will of the deceased if the will exists. [\(July 22, 2015\)](#)

(4) If the declaration given by the lawyer or guardian [\(July 22, 2015\)](#)

(5) Certified copies from the authorities Tax administration is obliged to deal the declaration submission deadline and to act as follows: [\(July 22, 2015\)](#)

A: If the value of the inheritance of all the deceased less is than the debts of the deceased scholar, Financial obligations and worship and funeral expenses, the deceased's property taxable in Article 17 of this Act and the tax will be the subject of Article 17 of the Act by providing the documents supporting the payment will be refunded. [\(July 22, 2015\)](#)

B: If the value of the inheritance of the deceased scholar is more than, financial obligations and worship and funeral and burial costs, in this case the value of the property and assets of the order of paragraphs (1), (2), (3), (4) and (5) of Article 17 of this Act, shall be deducted the excess inheritance will be taxed on the basis set out in article added tax in Article 17 of this Act by providing documents supporting the payment of refunds will be. [\(July 22, 2015\)](#)

C: If all or part of its legacy accordance with paragraphs (a) and (b) is not taxable, the tax administration must be certified to be permitted to register or transfer or payment or delivery of assets to the heirs of the deceased subsumed by the referred to in Article 17 of this Act issue as authorities [\(July 22, 2015\)](#)

Note (1) If the deceased's debts based on legal documents and supporting documents and their authenticity confirmed by the competent tax administration will be deducted from the inheritance [\(July 22, 2015\)](#).

Note (2) Executive regulations of this article about how to handle, property evaluation and certification by the Ministry of Economic Affairs and Finance is prepared and approved by the Cabinet. [\(July 22, 2015\)](#)

**Article 27 Article 32 - deleted** [\(July 22, 2015\)](#)

**Article 33** The Iranian consular staff in other countries shall, within three months from the date of becoming aware of any Iranian nationals' death, report the case through the Ministry of Foreign Affairs to the Ministry of Economic Affairs and Finance, and shall dispatch all the information regarding the movable or immovable estate of the decedent in the country of the consular staff mission, including the details and values of the properties.

**Note** The executive bylaw of this Article shall be drafted by the ministries of Economic Affairs and Finance, and Foreign Affairs and shall be approved by the Council of Ministers within six months from the date of approval of this Act.

**Article 34** The following persons are authorized before obtaining a certificate of payment of tax under this Act property of the deceased to the heirs or the testator or to record or perform transactions on the property: [\(July 22, 2015\)](#)

(1) Banks and other financial and credit institutions, companies, enterprises, public institutions, NGOs and other public and private entities that have cash or promissory notes or jewelry or any other property of the deceased to their own. [\(July 22, 2015\)](#)

(2) Deeds and Properties Registration Office when the immovable property shall be registered in the name of the heirs or legatee. [\(July 22, 2015\)](#)

(3) Notary offices when they want a division or any other type of transaction heirs of the deceased's property register. [\(July 22, 2015\)](#)

(4) Companies that person is the owner of shares. [\(July 22, 2015\)](#)

(5) Brokerage firms, investment funds and other financial institutions. [\(July 22, 2015\)](#)

(6) Funds of Justice and the Office for Registration of Deeds and Properties. [\(July 22, 2015\)](#)

Persons mentioned in paragraph (except those of paragraphs (2) and (6) and persons subject to paragraphs (1) and (2) of Article (2) of the Act) in case of violation that in addition to the value of the property subject to the heirs of to pay taxes and penalties which are the responsibility of the partnership, which will also be subject to a fine in the amount of double taxation. In the case of banks, corporations and government agencies, and partners offender and his deputies will be in violation partnership responsibilities. [\(July 22, 2015\)](#)

Courts of Justice, Office of Justice law enforcement offices Register of Deeds and Properties, organization and administration of the guardianship of minors and Immature endowments, funds of Justice, the Office for Registration of Deeds and Properties funds and persons subject to paragraphs (1) and (2) of Article (2) of the Act if the scope of its legal decree issued in respect of the deceased's property or conduct, judges are required to copy or image application within ten days of the case after the issuance or brick on the country's tax Affairs to. Personnel responsible for all legal entities mentioned in the case of non-delivery of the judgment or of obtaining tax recoupment, in addition to administrative and legal penalties for violations related to its own devices, is obliged to pay a fine equal to twice the damages [\(July 22, 2015\)](#)

The government filed a lawsuit on behalf of the INTA will be relevant to the ruling authorities. This provision shall also apply to offender's partners and assistants. [\(July 22, 2015\)](#)

**Note (1)** INTA may be the property of persons referred to in paragraph (1) of Article 17 of the Act to have its obligation to pay or deliver the property to the heirs, the tax deducted until the end of the

month following the payment of the account INTA deposit and the remainder to heirs or other beneficiaries pay. In this case, these persons are obliged to Profile heirs or other beneficiaries and payments within the said period to the National Tax Administration declare [\(July 22, 2015\)](#)

**Note (2)** Law of this Article to the Ministry of Economic Affairs and Finance within six months after the adoption of the law approved by the Council of Ministers. [\(July 22, 2015\)](#)

### **Article 35 through Article 37 - deleted** [\(July 22, 2015\)](#)

**Article 38** Assets under vow or will the case will transferred to heirs, the rate referred to in Article 17 of this Act and if the other heirs, with the exception of persons mentioned in paragraph (3) of article 24 of this law, would be subject to income tax. [\(July 22, 2015\)](#)

In cases where financial interests, the vow or will as well as financial benefits that the endowment property and imprisonment, persons benefiting from interests other than those referred to in paragraph 3 of Article 24 of this Act, will be the subject of the interests of every year income tax. [\(July 22, 2015\)](#)

**Note -** The property will be taxed when the testator's death will be confirmed. [\(July 22, 2015\)](#)

**Article 39** In the case of dedicated, responsible and about the imprisonment and a vow, a vow of imprisonment in the case of a will, the executor shall, within three months from the date of the marriage or death of the testator, as appropriate, a statement on the case by the INTA Iran is prepared containing the profile and value of donated property or detention or vow or will, together with the relevant documents to the competent tax office and take a receipt of tax, within three months of expiry of that period submission of tax return.

**Note -** in the case of endowment or imprisonment or the issue or the will of examples of paragraph 3 of Article 24 of this Act or the regulations is incidental income tax Chapter Founder and trustee, executor or imprisonment and vow or executor are required to insert the profile the property donated or bequeathed detention or vow and specifications interest on the example provided by the National Tax Administration and within three months from the date of contract or the death of the testator to be submitted to the competent tax office of receipt. [\(July 22, 2015\)](#)

### **Article 40 through Article 43 – deleted** [\(July 22, 2015\)](#)

## **Chapter five - Stamp Duty**

**Article 44** An amount of IRR 200 shall be collected as the Stamp Duty against each sheet of check printed by banks at the time of printing.

**Article 45** A Stamp Duty of **Half per thousand** shall be collected in connection with the bills of exchange, promissory notes and documents of similar nature, in proportion to their amount. [\(July 22, 2015\)](#)

**Note-** The Stamp Duty provisioned in this Article in respect of the amounts under IRR 1,000 shall be fixed to the duty applicable to IRR 1,000.

**Article 46** The Stamp Duty shall be IRR 5,000 with respect to all negotiable commercial instruments issued or negotiated and employed in Iran (except for those mentioned in Articles 45 and 48 of this Act) and with regard to documents denoting title to merchandise, such as air and sea bills of lading, as well as the merchandise insurance policies. The Stamp Duty on land bill of lading and passengers' statement shall be IRR 1,000. Transport enterprises shall be responsible for drawing up of bills of lading in a careful

manner and should insert correct identity and address of the owner of the merchandise and other relevant information therein. They should keep sufficient copies of such documents for not less than 5 years from their date of issue.

Note- The following documents and papers shall be subject to Stamp Duties specified in this Note:

1. IRR 10,000 on exemption cards issued for individuals exempted, in any forms, from military service;
2. IRR 50,000 on international driving licenses;
3. IRR 200,000 on transit license plates of all kinds of motor vehicles, and for numbering of temporarily imported transport vehicles;
4. IRR 1,000 on driving licenses of all kinds of motor vehicles per each year of validity of respective licenses;
5. IRR 1,000 on report cards and diplomas of students of primary, junior, and senior high schools;
6. IRR 10,000 on diplomas and diploma certificates of associate's, bachelor's, master's, doctorate and higher degrees;
7. IRR 20,000 on certificates of educational value of foreign elementary, junior, and senior secondary courses of study;
8. IRR 50,000 on certificates of educational value of foreign technical, vocational and university courses of study;
9. IRR 20,000 on permits issued to obstetricians and on diplomas of associate's degree and experimental dentistry;
10. IRR 100,000 on permits issued to physicians, dentists, paramedics, veterinarians and pharmacists;
11. IRR 100,000 for the issuance of licenses and identity cards for industrial and mining enterprises, and for issuing commercial cards, attorneys and experts permits and other business permissions. For renewal of the same documents, the amount of the stamp duty will be IRR 50,000.

**Article 47** The following agreements and similar instruments that are exchanged between banks and their clients or undertaken by the clients shall be subject to a Stamp Duty of IRR 10,000, provided that they are not registered with notaries public:

- (1) The form of acceptance of general conditions of current accounts;
  - (2) Loan agreements or the agreements for granting of all kinds of facilities, and different binding forms and documents that banks get their clients to sign them upon making transactions;
  - (3) Agreements for various types of investment deposits;
  - (4) Letters of attorney drawn up in the offices of banks, under which the clients assign their right of signing to other persons;
  - (5) Other agreements concluded between banks and their clients, under which the parties undertake commitments and responsibilities with regard to the affairs referred to in this Article;
  - (6) Letters of guarantee issued by banks;
  - (7) Applications for letters of guarantee, after they are accepted by the bank and guarantees are issued;
- and

(8) Applications for letters of credit in favor of domestic or foreign parties, after the acceptance of application by the bank and opening of the credit.

**Article 48** Shares and partnership shares of all Iranian companies referred to in the Commercial Law, except those of cooperative companies, shall be subject to the Stamp Duty at the rate of **Half per thousand** of their face value. Fractions of IRR 100 shall be treated as IRR 100. [\(July 22, 2015\)](#)

Note- The Stamp Duty of shares and partnership shares of companies shall be paid, through cancellation of stamps, within two months from the date of legal registration of the company, and in case of capital increase and additional shares from the date of registration of capital increase, with the Companies Registration Department. Any increase in the capital of the companies that previously decreased their capital shall be exempt from the Stamp Duty, up to the amount on which the same duty had been previously paid.

**Article 49** Whenever the instruments subject to the Stamp Duties provisioned in Articles 45, 46, 47 and 48 of this Act are issued in Iran, the drawers have to affix and cancel the stamps applicable thereto. If they are issued abroad, the first person in possession thereof, has to take the same measure, before signing them for any purposes, whether for indorsing, negotiating, accepting or paying the amount of such documents. All institutions or persons negotiating, receiving or paying such instruments in Iran, at any event, shall, be jointly and severally liable for the payment of the stipulated duties.

**Article 50** The Ministry of Economic Affairs and Finance is authorized to print promissory notes, bills of exchange, bills of lading and other papers subject to the Stamp Duty, and to put them at the disposal of those applying for the same. Where it deems necessary, the Ministry may accept cash against receipt in lieu of affixation and cancellation of stamps.

**Article 51** In case of infringement of the provisions of this Chapter, the infringer shall be fined for twice the amount of the chargeable Stamp Duty, plus the payment of the principal thereof.

## **TITLE C - INCOME TAX**

### **Chapter one - Real Estate Income Tax**

**Article 52** The income of real or legal persons derived from the transfer of rights in real estates situated in Iran, less the exemptions granted in this Act, shall be subject to the Real Estate Income Tax.

**Article 53** The taxable income of the leased real estate consists of the total rent, whether in cash or otherwise, less a deduction of twenty five percent(25%) to cover expenses, depreciation and commitments of the owner with regard to the leased property.

Taxable income in respect of the first hand lease of real estates that are endowed or tied up, shall be computed on basis of this Article.

In case of the mortgage in possession, the mortgagor shall be subject to taxation according to the provisions of this Chapter.

Where the lessor is not the owner of the leased property, his taxable income shall be the difference between the rents that he receives and pays in connection with the same leasehold.

The rule of this Article shall not govern in respect of the employer provided houses belonging to legal persons, provided that their taxes are assessed on basis of the statutory books of accounts.

**Note (1)** The habitation of the owner's father, mother, spouse, child or grandparents, as well as that of the persons dependent on him, shall not be considered as leasehold, unless it is proved by evidence and

documents that the rent is paid. Where several residential units are allocated for habitation of the owner or the aforesaid persons, one unit for dwelling of the owner and one unit for each of the aforementioned individuals, at the choice of the owner, shall be excluded from the taxation of this Chapter.

**Note (2)** The real estates that are put, free of charge, at the disposal of the organizations and institutions mentioned in Article 2 of this Act, shall not be considered as leaseholds.

**Note (3)** For the purposes of rental income taxation, each apartment unit shall be deemed as a separate real estate.

**Note (4)** Where a real estate is leased in conjunction with some furniture or machinery, the rental income attributable to such furniture and machinery will also be considered as a part of the income of the property, and shall be taxed under this Chapter.

**Note (5)** Additions made by the lessee, in conformity with the lease agreement, to the leased property for the benefit of the lessor, shall be appraised on the basis of taxable value of the date of delivery of the same to the lessor, and fifty percent(50%) thereof shall be treated as a part of taxable rental income of the year of delivery.

**Note ( 6)** The expenses that are to be borne, under the law or the agreement, by the landlord, but are made by the tenant, as well as the expenses undertaken by the tenant in conformity with the terms of the lease agreement, while customarily are to be paid by the landlord, shall be appraised at the price of the date of occurrence of such expenses, and shall be added, as non-cash rent, to the sum of the rental income of the year in which such expenditures are made.

**Note (7)** If the owner of any built areas created over a leased land lets the property, wholly or partially, the rental paid by him for the land, in proportion to the estate he lets, shall be deducted from the rental he receives, and the balance shall be taxed according to the provisions set forth at the beginning of this Article.

**Note (8)** If the owner sells his dwelling place and a respite is granted to him, under the relevant transfer deed, for evacuation of the same without payment of rental, then the property shall not be deemed as a leasehold up to six months, if it is occupied by the transferor during such period of respite, unless it is proved, on account of some documents and evidence, that a rental is being paid. The same rule is applicable in case of optional sale as long as the sold property remains at the disposal of the seller by virtue of the conditions of the transaction.

**Note (9)** Ministries, government institutions and companies, establishments whose budget is wholly or partially financed by the government, foundations of the Islamic Revolution, municipalities and their affiliated companies and firms, as well as other legal persons are required to withhold taxes stipulated in this Chapter from any rental payments they make and to pay it, **to the end of next month**, to the Tax Affairs Office of the district where the property is situated, and to hand over the receipt of the same to the relevant landlord.

**Note (10)** Where the residential units belonging to housing companies are delivered to buyers according to ordinary agreements, but not yet being transferred in a final manner, and this situation is approvable by demonstrative documents and records, such properties shall not be deemed to be leaseholds as long as they are in possession of the buyers. In these cases, the buyer shall be treated, for tax purposes, as owner, provided that the tax on final transfer of the property, as applicable at the date of possession, is paid in view of Article 59 of this Act.

**Note (11)** The owners of residential complexes with more than three leased units that are or will be constructed, in conformity with the consumption model of housing, as declared by the Ministry of

Housing and Urban Development, shall be exempt, during the term of lease, from 100% of the tax on the income from lease of properties. In other cases, the income of a person from the lease of residential unit(s) shall be exempt from taxation up to a total area of 150 square meters of useful built area for the units in Tehran and up to 200 square meters in other places.

**Article 54** According to the contract, whether formal or regular rental income is tax criteria and in cases where there is no contract or the offer is refused or less than the amount stated in the eighty percent of (80%) of the amounts mentioned in the will assign the same property and announced by the national Tax Administration and also on Article (54 repeated) of the Act, the rent will be determined based on the same estate. [\(July 22, 2015\)](#)

**Note (1)** If the tenant Those subject to Note (9) of Article (53) of the Act, the rent paid by the tenant's rent will be the criterion for determining taxable income. [\(July 22, 2015\)](#)

**Note (2)** If it is determined on the basis of supporting documents of the property exceeds the amount which has been the basis for tax assessment, tax differentials under the provisions of this law and the demand for Taxpayers protest the case of settlement of dispute verifiable case this will be the Act. [\(July 22, 2015\)](#)

**Note (3)** In cases where the actual rental income less income tax is determined in accordance with provisions of this Article, and the taxpayer is contested, then verifiable records of the dispute resolution tax authorities under this law. [\(July 22, 2015\)](#)

**Article 54 (bis)** [\(July 22, 2015\)](#)

Residential units located in cities with a population of over one hundred thousand people, according to national systems and the settlement of property (Note 7 theme repeated Article 169 of the Act) as a "blank" are identified, from the second year onward taxable equivalent tax rent will be as follows:

Second year, equivalent to one third of accrued tax

Third year of accrued tax

Four years later, about one and a half times the tax for

**Article 55** If the owner of a residential house or apartment lets it out and leases another place for his own residence or dwells in an employer provided residential unit, then the rent he pays under an official deed or agreement, the rent deducted from his salary by the employer, or the amount of the same that is evaluated for Salary Tax purposes, shall be deducted, for computation of the taxable income of this Chapter, from his entire rental income.

**Article 56 Deleted.**

**Article 57** The annual taxable rental income of individuals with no other source of income shall be exempted from taxation up to the level of tax exemption of salary income provisioned in Article 84 of this Act, and the balance thereof shall be subject to taxation in view of the provisions of this Chapter. The taxpayers subject to this Article are required to submit to the Tax Affairs Office of the district where the property is situated a special tax return in conformity with a form to be prepared by the Iranian National Tax Administration. They should also declare that they have no other incomes whatsoever. The Tax Office in question shall send a summary of the content of the tax return to the Tax Affairs Office local to the taxpayer's place of domicile. If it is established that the taxpayer has made a false return, the applicable tax plus a fine equal to the same shall be collected. For the purpose of this Article, the retirement pension, survivors' pension, bonuses and interests received on bank deposits shall not be deemed as income.

**Note(1)** The rule of this Article shall not apply in respect of minor children who are under the guardianship of their fathers.

**Note (2)** In case the other taxable monthly earnings of the taxpayer are below the threshold referred to in this Article, that part of his taxable rental income which amounts, when summed up with those other earnings, to the same threshold, shall be exempted from taxation and its balance shall be taxable in accordance with the provisions of this Chapter.

#### **Article 58 Deleted.**

**Article 59** The final transfer of real estates, as well as the transfer of goodwill, shall be subject to taxation at the time when such transfers take place by the owner of the substance of the property or by the possessor of the right of goodwill. The basis of taxation shall be the taxable value in case of real estates and the price received by the owner or possessor of right in case of goodwill and the rates of tax will be five percent (5%) and two percent(2%), respectively.

**Note (1)** In case of non-existence of taxable value for the property under the transaction, the taxable value applicable to the nearest similar location shall be taken as the basis of tax computation.

**Note (2)** For the purposes of this Act, goodwill means the right of making business or practicing a profession, the right of possession of a place, or the rights arising from the market position of the place.

#### **Article 60 Deleted.**

**Article 61** Where the transfer of a real estate is not registered by a notary public, the taxable value of the property shall be taken into account for computation of the applicable tax in conformity with the provisions of this Chapter, and in general, the taxable value of the nearest similar location shall apply in cases where no taxable value is determined for the relevant property.

#### **Article 62 Deleted.**

**Article 63** Whenever the final transfer of a real estate takes place under arrangements other than those of the sale contract, the regulations concerning the tax on final transfer of real estates as provided by the provisions of this Chapter shall apply, except for ex gratia transfers, which shall be taxable in view of the relevant regulations. In case of exchange of real estates, each of the parties to the transaction shall pay the final transfer tax applicable to his own transferred property in conformity with the above procedure.

**Article 64** Trading value on the real estate property commission is calendar. Trading value Commission is obliged to issue this Act in the first year equivalent to two percent (2%) Average prices on the criteria determined by the area. This index increased two percentage points each year until the transaction values each region to twenty percent (20%) Average real estate prices reach day. [July 22, 2015](#)

A price structure according to the materials (steel or reinforced concrete or reinforced concrete structures and silos, etc.), and the density and manner of its use (residential, commercial, office, education, health, services, etc.) and the type of property. [July 22, 2015](#)

The land price according to user type and location of commercial, industrial, residential, educational, administrative and agriculture [July 22, 2015](#)

The Commission consists of five members who are in Tehran, representatives of the National Tax Administration, Ministry of Roads and Urban Development and Agriculture, State Organization for Registration of Deeds and Properties and the City Council and in other cities of the directors or heads of departments of taxation, road and Planning, agriculture and documents and properties or their representatives and representatives of the City Council is formed. Commission each year once the trading value of the property determines the separation areas and objects. [July 22, 2015](#)

In the case of properties located in each section and villages affiliated calendar (based on divisions) or prefect representative of the Council of the Commission's meetings. In the absence of the City Council or section, a person who is not a civil servant with the governor, or prefect of the Commission's introduction. [\(July 22, 2015\)](#)

The Commission invited Calendar estate in Tehran and in other cities, invited INTA Director General or the head of the tax office or offices in the said organization is formed. Commission meetings are attended by at least four of its members and takes decisions by a vote of at least three members is valid. Secretary of meetings of the Commission shall be the representative of the organization or department or the administration of the tax. [\(July 22, 2015\)](#)

Trading value specified in this article one month after the date of final approval by the Commission of the Calendar property, entry into force and to determine the new value of the transaction is valid. [\(July 22, 2015\)](#)

Note (1) INTA or institutions affiliated to the organization before the end of the period of one year could be in any town or village or in part, in the following calendar Commissions property form: [\(July 22, 2015\)](#)

1-To determine the value of transactions where a transaction is worthless.

2-To adjust the transactional value determined by points that are detected INTA compared with similar areas that lack coordination or according to the criteria mentioned in this material are major changes in the value of real estate transaction value specified in this clause after one month from the date of final approval by the Commission of the Calendar property, entry into force and to determine the value of new trading valid

Note (2) Where the Commission does not constitute an invitation or calendar twice this Article after the establishment of the hearing due on the transaction value is not achieved, INTA is required to determine the last value of the property determined by the Commission on the calendar by goods and services price index announced by the competent authorities in accordance with the provisions of this Article, adjustments and transaction value..

Note (3) In cases where the value of the transactions mentioned in this article in accordance with laws and regulations, sources of funds are calculated and other side effects, complications, and basis of calculation of funds based on a percentage of the value of the transaction is the subject of this matter jointly with the Ministry of Economic Affairs and the Committee of Ministers of Finance and relevant agencies or authorities is related. The percentage shall be determined on the basis of calculation and funds mentioned effects more than the official inflation rate of the relevant law enforcement is not increased.

**Article 65** The final transfer of real estates that has been effected, or will be effected, in connection with the land reform laws and regulations, and the transfer of residential units by housing cooperative companies to their members, shall not be subject to taxation provided under this Chapter.

**Article 66** Whenever the transferee is the government, a municipality or an affiliated entity of them, and in cases where a real estate is transferred through the agency of the Execution Office of the Registration Department, or through other government departments, as a substitute for the owner, and the price of the transfer deed is below the taxable value, the price mentioned in the transfer deed shall be taken into account for computation of the tax envisaged under Article 59 of this Act instead of the taxable value at the time of transfer of the real estate, as the case may be.

**Article 67** Termination of final transactions on real estates that takes place based on judicial authorities' decision, as a rule, shall not, be considered a new transaction, and thus shall not be subject to the taxation of this Chapter. The same rule shall apply to cancellation of final transactions on real estates by mutual consent of the parties, or termination of the same in other cases, provided that such actions take place not later than six months from the date of the original transaction.

**Article 68** The real estates transferred to the government as a result of execution of Article 34 of the Registration Law of August 1941 (*Mordad 1320*), as amended later, shall be exempt from the payment of final transfer tax.

**Article 69** Final transfer of low and medium price residential units for the first time shall be exempt from payment of the tax stipulated for final transfer of real estates, provided that such residential units are built within ten years from the date of approval of this Act in accordance with the criteria and at prices to be determined by the Ministries of Housing and Urban Development and Economic Affairs and Finance, and on the condition that they are transferred not later than one year from the expiry of the time limit for implementation of the relevant building project, which shall be fixed by the Ministry of Housing and Urban Development or local municipalities, as the case may be.

**Article 70** Any kind of properties or funds allocated by the ministries, government institutions and companies, or municipalities to the owner or possessor of right, or deposited in their name, as the consideration for the substance of, or the rights relating to, the real estates and lands that are taken for creation or development of military zones, or for public utilities, such as construction or extension of roads, railroads, streets and passage ways, as well as water, oil and gas pipe-lining, digging streams and the like, shall be exempt from the transfer tax as provisioned in this Chapter.

When the real estates that are registered, or will be registered, in the list of national monuments on the strength of the relevant law are transferred to the State Organization of Cultural Heritage, such transferring shall be exempt from the entire applicable final transfer tax. In other cases, where the owners keep the ownership of such properties for themselves, they shall enjoy tax exemption with respect to fifty percent(50%) of the income tax imposed under the Chapter pertaining to the real estates income tax.

Also, if some properties or funds are allocated by the aforesaid persons to the owners or possessors of rights as the consideration for taking of real estates or rights located in the areas where the projects for renovation, improvement and reconstruction of old quarters and decayed structure of cities/towns are to be implemented, such consideration shall be exempt from the transfer tax.

**Article 71** When an official deed is issued with regard to the transfer of a real estate to a person who had previously purchased the land of the same property under an ordinary deed and constructed some buildings over it, the price of such building shall not be taken into calculation at the time the said official deed is issued, provided that the above situation is confirmed, based on the relevant case, by the competent government authorities or judicial courts, or by the municipality of the district where the property in question is situated.

**Article 72** In cases where the applicable tax is paid by the taxpayer, but the transaction is not effected, upon request of the taxpayer and confirmation of the notary public about non-registration of the transaction, the relevant Tax Affairs Office shall refund the collected tax pertaining to such aborted transaction out of the current collections within 15 days of the notary public's announcement and in conformity with the regulations of this Act. The rule of this Article shall apply to the rebate of taxes pertaining to goodwill and incidental income, as well.

**Article 73 Deleted**

**Article 74** As for a real estate that is possessed, under the title of *dastdarami* or other titles, by a person in accordance with local customs, if the possessor transfers all his rights with regard to the property to someone else, such transferring shall be subject to the tax on final transfer of real estates according to the provisions of this Chapter. As regards the income derived from transfer of other rights pertaining to such properties, the possessor shall be subject to the tax applicable to each relevant case in the same way as the owner. In the above cases, the date of possession shall be deemed as the date of the possessors' ownership.

**Article 75** For tax purposes, the tenants of endowed properties shall be subject to the provisions of this Chapter in respect of the land of such properties, whether they have any constructed built areas over it or not.

**Note (1)** As for the computation of tax liability of the said taxpayers, the date of lease shall be taken as the date of acquisition of ownership.

**Note (2)** In cases where an endowed property is transferred by the tenant, the rule of this Article shall not prevent the application of Note (7) of Article 53 of this Act.

**Article 76** In cases where the transfer Article (52) of this Act shall be subject to Article (59) or (77), the other way for the transfer of the tax claim Will not. [\(July 22, 2015\)](#)

**Article 77** Revenue natural and legal persons from the manufacture and sale of any type of building shall be subject to income tax issue the third, fourth and fifth Chapters of the law. [\(July 22, 2015\)](#)

**Note (1)** The first transfer of these buildings definitive transfer tax in addition to Article (59) of the Act taxable account to rate ten percent (10%), equivalent to the value of the transaction is the transfer of property. Certain tax taxpayers subject to the relevant provisions of this Article shall be determined after investigation. [\(July 22, 2015\)](#)

**Note (2)** The provisions of this article, including the manufacture and sale of houses by individuals subject to that more than three years from the date of certification has not passed its end. [\(July 22, 2015\)](#)

**Note (3)** The municipalities are required to issue a license at the same time and also when issuing orders end to tax filing related to tax affairs in a manner determined by the National Tax Administration report. [\(July 22, 2015\)](#)

**Note (4)** below in the order of one hundred thousand inhabitants of the provisions of this article is no exception. [\(July 22, 2015\)](#)

**Note (5)** The law of this article on how to determine taxable income and the tax settlement account with the Ministry of Economic Affairs and Finance within three months after the adoption of this Act is approved by the Council of Ministers [\(July 22, 2015\)](#)

**Article 78** As for the transfer of each of the rights referred to in Article 52 of this Act, when the transfer is effected by the owner of the substance of the property, the payments received by the owner shall constitute, except for cases subject to Articles 53 through 77 of this Act, the basis of computation of the applicable tax at the rates provisioned in Article 59.

**Article 79 Deleted.**

**Article 80** The taxpayers subject to this Chapter are required to draw up their tax returns on a sample to be prepared and provided by the Iranian National Tax Administration. They have to submit the tax return so drawn up, together with related documents, to the Tax Affairs Office of the district where the

property is situated, and to pay the applicable tax in view of the relevant regulations. The said measures are to be taken within thirty days from the date of transaction in case of the transfer of goodwill, as well as where the taxpayers are subject to Article 74 of this Act, and until July 22 of the following year in other cases.

**Note (1)** In cases where the transactions referred to in Article 52 of this Act are effected through official deeds, the taxpayer is required to declare, before making such transactions, the detailed amount of each of his receipts or earnings subject to taxes provisioned in Article 187 of this Act to the competent Tax Affairs Office. Such a declaration shall be considered, except for cases where the lessor has not been changed, as a substitute for fulfillment of the tasks prescribed in the text of this Article.

**Note (2)** In cases where the transactions subject to this Chapter are not effected through official deeds, the transferee shall be required to declare the event in writing, within thirty days from the date of the transaction, to the Tax Affairs Office of the district where the real estate is situated.

## **Chapter two - Tax on Income from Agriculture**

**Article 81** The income derived from all activities in the field of agriculture; animal rearing; stockbreeding; fish farming; bee-keeping; poultry husbandry; hunting and fishing; sericulture; revival of pastures and forests, horticulture of any type and palm trees, is exempt from payment of taxes.

The government is obligated to undertake appropriate studies and investigations on all agricultural operations and on those branches of such activities in respect of which the tax exemption status is to be continued, and to prepare the relevant bill of law not later than the end of the term of the Third Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and submit the same to the Islamic Consultative Assembly.

## **Chapter three - Tax on Salary Income**

**Article 82** The income of a real person employed by another (real or legal) person, that is derived against services rendered by him with regard to his occupation in Iran, whether on the basis of the time spent or the work done, and whether paid in cash or noncash form, shall be subject to tax on Salary Income.

**Note-** Salary income derived from Iranian sources by individuals during their mission abroad (remitted either by the government of the Islamic Republic of Iran or by persons residing in Iran) shall be subject to Tax on Salary Income.

**Article 83** Taxable salary income consists of the salary (fixed emolument or wage, or basic salary) and fringe benefits paid in connection with the employment, whether on a recurring or non-recurring basis, before subtraction of deductions, but less the tax exemptions provisioned in this Act.

**Note-** The non-cash income subject to Salary Tax shall be appraised and computed as follows:

(a) Furnished housing equal to twenty-five percent(25%), and unfurnished twenty percent (20%), of the sum of salary and recurring cash benefits (except for the cash benefits exempted under Article 91 of this Act) per each month, less the amounts deducted from the employee's salary in respect of the same housing;

(b) Private chauffeur-driven car equal to ten percent(10%), and without chauffeur five percent(5%), of the sum of salary and regular cash benefits (except for the cash benefits exempted under Article 91 of this Act) per each month, less the amounts deducted from the employee's salary in respect of the same car; and

(c) Other non-cash benefits equal to the cost price as incurred by the payer of the salary.

**Article 84** The annual income tax exemption from one or more sources of taxable salary, is determined each year in the annual budget Act. [\(July 22, 2015\)](#)

**Article 85** Staff salaries and non-government income tax rate in excess of the amount specified in Article (84) of the Act and up to seven times annual taxable ten percent (10%) than its surplus twenty percent(20 %). [\(July 22, 2015\)](#)

**Article 86** The payers of salaries are obligated, when paying or allocating the same, to compute and withhold therefrom the applicable taxes in view of Article 85 of this Act and to remit **By the end of next month**, the deducted amounts, together with a list containing the amount of salaries, names and addresses of recipients, to the local Tax Affairs Office. In subsequent months, the changes of the list should only be reported. [\(July 22, 2015\)](#)

**Note - payments made by employers to individuals other than employees who are not subject to superannuation or insurance, with a right to consult, the right to attend meetings, tuition, the right to investigate and research the right to pay, without regard to the exemption in Article (84) the law is taxable at the rate fixed ten percent (10%).Employers are required at the time of payment or attribution, to deduct tax for the period specified in Article 86 of this law with profile the recipients in accordance with the sample form by the State Tax Administration to pay tax and in case of violation, It will be responsible for paying taxes and penalties.** [\(July 22, 2015\)](#)

**Article 87** The overpaid Tax on Salary Income shall be refunded in view of the provisions of this Act, provided that the refund is requested in writing by the salary receiver, after the July 22 (expiry of the month of *Tir*) of the next year up to the end of the same year, from the Tax Affairs Office of the district where the taxpayer is domiciled.

The said Tax Affairs Office is obligated to make necessary investigations within three months from the date of submission of such request, and in case of finding that the overpayment is realized and the taxpayer has no other final tax liability towards the same Tax Office, shall refund the excess tax out of the current collections. If the salary receiver were found to have any other final tax liability, the excess tax shall be set off against such liability and the balance shall be refunded.

**Article 88** Whenever the salary is received from the persons who reside abroad and have no branches or representatives in Iran, the salary receivers are required to pay, in view of the provisions of this Chapter and **By the end of next month** from the date of receiving of such salary, the tax applicable thereon to the Tax Affairs Office of the district where they are domiciled. They are also obligated to submit, until July 22 (the end of the month of *Tir*) of the next year, a tax return on the salary received by them to the same Tax Affairs Office. [\(July 22, 2015\)](#)

**Article 89** Grant of exit permission or extension of residence or work permits for foreign nationals, except for those exempted from taxation under this Act, shall be subject to presentation of a tax clearance or a written commitment by the employer of the Iranian legal person that is the party to the contract with the employer of expatriate employees or with the third party Iranian legal entities.

**Article 90** In cases where the payers of salary fail to remit the applicable tax on stipulated time, or pay a sum below the actual amount, the **The competent tax office** of the district where the salary receiver works, or in case of the individuals subject to the Note of Article 82 of this Act, the Tax Affairs Office of the district where the payer of the salary resides, is required to calculate the applicable tax together with the fines provisioned in this Act, and to claim the same, by means of an assessment notice and by due regard to the time limit of Article 157 of this Act, from the payers of the salary who will be treated as taxpayers. The rule of this Article shall be applicable to the taxpayers subject to Article 88 of this Act, as well. [\(July 22, 2015\)](#)

**Article 91** The salary income shall be exempt from taxation in the following cases:

- (1) Heads and members of foreign diplomatic missions in Iran and heads and members of the extraordinary delegations of foreign states with regard to the salary income received by them from their superior governments subject to reciprocal treatment, and the heads and members of delegations of the United Nations Organization and its specialized agencies in Iran in respect of the salary income received by them from the said organization and agencies, provided that they are not nationals of the Islamic Republic of Iran;
- (2) Heads and members of foreign consular missions in Iran and the staff of the cultural institutions of foreign states with regard to the salary income received by them from their respective governments, subject to reciprocal treatment;
- (3) Foreign experts sent to Iran with the consent of the government of the Islamic Republic of Iran under technical, economic, scientific and cultural gratuitous assistance programs of foreign states or international institutions, with regard to the salaries received by such experts from their respective governments or the said international institutions;
- (4) Local employees of the Islamic Republic of Iran's embassies, consulates and missions abroad in connection with the salary income received by them from the government of the Islamic Republic of Iran, provided that they are not citizens of the Islamic Republic of Iran, and subject to reciprocal treatment;
- (5) Retirement pension, survivors pension, regular annuities, termination of employment payments, dismissal compensation, payments for buying-out of services, pensions and annuities paid to the heirs, service term allowance and the salary of the period of unused leave payable to salary receivers at the time of becoming retired or disabled, **unused vacation and severance pay and compensation** [\(July 22, 2015\)](#)
- (6) Service-related travel expenditure and allowance.
- (7) Deleted.
- (8) Accommodation provided on site of the factory or workshop for the benefit of workers and low price employer- provided houses outside the factory or workshop that are used by workers.
- (9) Compensation received from insurers with regard to physical injury, medical treatment, and the like;
- (10) New Year bonus or year-end bonus up to one twelfth of the tax exemption envisaged under Article 84 of this Act.
- (11) Employer-provided houses put at the disposal of civil servants by virtue of a legal permission or according to special regulations.
- (12) Payments made by the employer, directly or through the relevant employee, to a physician or hospital for the treatment of his employees and persons who are dependent on them, where such payments are substantiated by demonstrative evidence and documents;
- (13) Non-cash benefits paid to employees up to two twelfths of tax exemption of Article 84 of this Act at maximum.
- (14) Salary income of the members of the armed forces of the Islamic Republic of Iran, whether belonging to the military or disciplinary branches, and the salary of employees subject to the employment law of the Intelligence Ministry, and the salary income of invalids of Islamic revolution and imposed war and released prisoners of war.

**Article 92** Fifty percent(50%) of the salary tax of the employees working in less developed regions, as per the list prepared by the State Organization of Management and Planning, shall be spared.

**Note-** The salary tax liability of the military and disciplinary personnel falling due up to the enforcement date of this Act shall be spared.

## **Chapter four - Tax on Individual Business Income**

**Article 93** The income derived in Iran by individuals through engagement in businesses or under any other titles not specified in other Chapters of this Act, less the exemptions provided herein, shall be subject to the Tax on Individual Business Income.

**Note** The income of civil partnerships (whether realized through voluntary or involuntary actions) and the income arising out of investoragent partnership activities, where the agent (*Mozareb*) or investor is a real person, shall be subject to the provisions of this Chapter.

**Article 94** The taxable income of the taxpayers who are subject to this Chapter consists of the aggregate sale of goods and services plus their other incomes that are not recognized as taxable under the other Chapters of this Act, less the relevant expenses and depreciations in conformity with the provisions of the Chapter on the Acceptable Expenses and Depreciations.

**Article 95** Business offices or documents subject to this chapter shall respect the principles and rules, including the principles relating to the regulation of businesses subject to the commercial laws of the regulated business tax assessment, maintenance and tax returns they are based on configurable. [\(July 22, 2015\)](#)

Regulations pertaining to the type of books, documents and procedures such as car maintenance (Mechanized) and manual sample tax returns according to the type and volume oriented, realizing the above-mentioned activities, as well as the presentation of the case for investigation and diagnosis tax for to the authorities, within six months from the date of entry into force of the law made by the national Tax Administration and is approved by the Minister of Economy and Finance. [\(July 22, 2015\)](#)

**Article 96- deleted** [\(July 22, 2015\)](#)

**Article 97** Taxable income of natural persons subject to this Act are obliged to submit tax returns on the basis of tax returns that comply with the relevant provisions set is offered and will be accepted. INTA can accept tax returns received without consideration and a number of them on the basis of criteria and indicators are defined or selected and the provisions addressed to. [\(July 22, 2015\)](#)

If the taxpayer refuses to file a tax return in accordance with the provisions of the moratorium and, INTA to prepare a tax return estimate based on a comprehensive plan of activities and economic data gathered by taxpayers from tax and the tax charge under the leaves of tax recognition proceeds. If taxpayers have any objection within thirty days from the date of notification of the tax assessment sheet, to provide tax returns in accordance with the provisions of the act, in accordance with the provisions of the law are dealt with taxpayer protests. This provision does not give the penalty and punishment in the tax return due date is not legal.Judgment mentioned in Article (239) of the Act on the implementation of this current article. [\(July 22, 2015\)](#)

**Note -** The National Tax Administration shall, within three years of notification of this Act, bank data and enable comprehensive system of tax across the country. During this period, the tax administration of the tax system not been fully implemented, materials (97), (98), (152), (153), (154) and (271) of the Act of direct taxes 1380 apply. [\(July 22, 2015\)](#)

**Article 98- deleted** [\(July 22, 2015\)](#)

**Article 99** The agreements for contracting operations envisaged under Article 76 of the Direct Taxes Act of March, 1967 (*Esfand 1345*) and further amendments thereof, the bids for which were received before the date of approval of this Act, shall continue to be subject to the provisions of the said Act as regards the assessment of taxable income and payment of the tax at the flat rate of four percent(4%).

**Note** The agreements for contracting operations subject to Article 76 of the Direct Taxes Act of March 1967 (*Esfand 1345*) and further amendments thereof, the bids for which were received between the date of February 22, 1988 (*Esfand 3, 1366*) until March 20, 1989 (*Esfand 29, 1367*), shall be subject to the regulations of this Act as far as the assessment of taxable income is concerned, and only in case of income tax rates applicable to the operations of the taxable period ending in the duration of March 21, 1988 until March 20, 1989 (the Solar *Hijra* year of 1367), the tax rates stipulated for the said year shall apply.

**Article 100** The taxpayers subject to this Chapter of this Act are required to draw up tax returns of their business activities performed during a tax year, separately for each business unit or each place of business, in conformity with a sample to be prepared by the Iranian National Tax Administration. They have to submit such tax returns, and to pay the applicable taxes at the rates of Article 131 of this Act, to the Tax Affairs Office local to the place of their business until the end of *khordad* (june) of the following year. [\(July 22, 2015\)](#)

**Note - INTA businesses or groups may be some of them that the sale of goods and services up to ten times their annual exemption under Article 84 of this law as part of duties such as keeping records of this Act and offering tax exemptions, and the taxpayers in the form of lump-sum shall be determined and collected. In cases where the taxpayer is engaged in the activity less than a year to calculate and collect will tax in proportion to the duration of employment. This judgment Note avoid dealing with tax returns will not be submitted in due course.** [\(July 22, 2015\)](#)

**Article 101** Annual taxable income of the taxpayers subject to this Chapter who submit their tax return on time and according to the provisions of this Chapter, shall be exempt from taxation up to the threshold envisaged under Article 84 of this Act and the income in excess of that shall be taxed at the rates of Article 131 of this Act. The stipulation regarding the submission of tax return will apply in respect of the turnover of the Solar *Hijra* year 1382 (March 21, 2003 until March 19, 2004) onwards.

**Note (1)** In civil partnerships, whether voluntary or involuntary, the partners shall enjoy two exemptions at the maximum. The exemption shall be equally divided between them and the balance of partners' share shall be taxed separately. Where there is a matrimonial relationship between the partners, the spouses shall be considered, for the purpose of tax exemption, as a single partner and the applicable exemption shall be granted to the husband. In case of death of a partner, his heirs, as legal successors of the deceased person, shall enjoy the tax exemption that was accruable to the decedent as described above. The tax exemption shall be equally divided between the heirs and shall be deducted from the share of income attributable to each of them.

**Note (2)** If an individual has more than one business unit, the business unit's total revenues with only a fraction of this article is subject to tax exemption to the rates specified in Article 131 of the Act. [\(July 22, 2015\)](#)

**Article 102** In the investor-agent partnerships, the agent (*mozareb*) is obligated to pay, at the time of filing his tax return, the tax applicable to himself. In addition, he is required to withhold the tax applicable to the share of the owner of capital without applying the exemption provided under Article 101 of this Article, and to remit the same, as an on account payment of the investor's tax, to the relevant tax account. He should present the receipt of his payment to the respective Tax Affairs Office, and to the owner of capital.

**Note** If the owner of capital is a bank, the agent or "*mozareb*" shall be relieved from the task of withholding the relevant tax of the investor.

**Article 103** The attorneys-at-law and those trying before specialized courts are obligated to mention in their letter of attorney, the amount of the relevant fees, and to affix and cancel tax stamps equal to five percent(5%) thereof on the letter of attorney as an on account payment of the applicable taxes. The amount of the stamp duty should not in any case be less than the following amounts:

(a) In respect of lawsuits and cases the relief of which is of financial character, 5% of the attorney's fee, as specified in the relevant tariff, for each stage of proceedings;

(b) In cases, where the subject of the attorney's power is not of financial character, or if it is not legally necessary to determine the amount of the relief, and in criminal proceedings where the amount of attorney's fee depends on the court's decision, five percent(5%) of the minimum attorney fee, as set forth in the regulations concerning the attorney fees, for each stage of proceedings;

(c) In criminal cases, where a financial relief is demanded by the private claimant, the rule of the paragraph (a) of this Article will be taken into account; and

(d) In case of financial claims and disputes that are to be examined and settled by specialized non-judicial forums, in respect of which no specific tariff of attorney fees is adopted, such as the disputes concerning taxation, municipal duties payable for expansion of roads and the like, the amount of attorney's fee, exclusively for tax purposes, shall be computed as follows:

five percent(5%) in respect of disputes of up to IRR 10,000,000;

four percent(4%) of the amount in excess of IRR 10,000,000 in respect of disputes of up to IRR 30,000,000; and

three percent(3%) of the amount in excess of IRR 30,000,000 for disputes over the same amount. The stamp duty to be canceled shall be equal to 5% of the fees so computed.

The rule of this Paragraph shall also apply to persons acting as attorney before the aforesaid forums (even if they are not attorneys-at-law), except when they are employee or father, mother, brother, sister, son, daughter, grandchild or spouse of the taxpayer.

**Note (1)** In case of failure to observe the rule of this Article, the attorney shall be rejected, in conformity with the regulations of the Civil Procedure Law, in all courts and forums referred to above, except for attorneys whose power is conferred by ministries, government owned enterprises and companies, municipalities and enterprises affiliated with the government or municipalities, in which case no tax stamp is needed to be cancelled on the letter of attorney.

**Note (2)** The ministries, government owned enterprises and companies, municipalities and enterprises affiliated with the government or municipalities are required to withhold five percent(5%) of the fees they pay to attorneys and to remit the same, as an on account payment of the attorney's tax, to the local Tax Affairs Office **By the end of next month.** [\(July 22, 2015\)](#)

**Note (3)** If after cancellation of tax stamps, the case is referred to a new attorney to follow up, the latter shall not be required to cancel again tax stamps on the relevant letter of attorney.

**Note (4)** In cases where the attorney's fee or the damages related to the fee are determined by the court and the amount so determined is less or more than the amount constituting the basis of computation of the affixed stamps, the clerk of the court shall inform the relevant Tax Affairs Office about the amount determined under the final judgment, so that the balance can be computed accordingly.

**Article 104- deleted** [\(July 22, 2015\)](#)

## **Chapter five - Tax on the Profits of Legal Persons**

**Article 105** The aggregate profits of companies, and the profits from the profit-making activities of other legal persons, derived from different sources in Iran or abroad, less the losses resulting from non-exempt sources and minus the prescribed exemptions, shall be taxed at the flat rate of twenty-five percent (25%), except the cases for which separate rates are provided under this Act.

**Note (1)** With regard to the Iranian noncommercial legal persons that are not established for distribution of profits, should they engage in profitmaking activities, the total taxable profit derived from such activities shall be taxed at the rate set forth in this Article.

**Note (2)** Foreign legal persons and enterprises residing abroad, except those subject to Note 5 of Article 109 or Article 113 of this Act, shall be taxed at the rate set forth in this Article in respect of the aggregate taxable income derived from the operation of their investment in Iran or from the activities performed by them, directly or through the agencies like branches, representatives, agents and the like, in Iran, and with regard to the profit received by such persons and enterprises from Iran for granting of licenses and other rights, or for transfer of technology or provision of training and technical assistance and cinematograph films. The representatives of such foreign persons and enterprises in Iran shall be subject to taxation, according to the provisions of this Act, with respect to the profit they may derive under any titles in their own account.

**Note (3)** At the time of assessment of the Tax on Profits of Legal Persons, whether Iranian or foreign, the prepaid taxes shall be deducted from the applicable tax according to the pertinent regulations, and any overpaid amount shall be refundable.

**Note (4)** The persons, whether real or legal, shall not be subject to any other taxes on the dividends or partnership profits they may receive from the capital recipient companies.

**Note (5)** In cases, where in view of to the enacted laws some payments other than the profit tax are to be collected on the basis of taxable profit, the tax of relevant taxpayers shall be computed at prescribed rates after deduction of such nontax payments.

**Note (6)** Taxable profits declared by companies, conventional cooperative unions, and public joint stock cooperative companies shall be subject to twenty-five percent (25%) of allowances from the rate, provisioned in this Article.

**Note (7)** for every ten percent (10%) increase in taxable income declared taxable persons subject to this Article means income than last year, one percentage point and up to five percentage points above rates will decrease. But enjoy this discount settling tax liabilities and file a tax return last year to this year is the deadline announced by the Tax Administration. [\(July 22, 2015\)](#)

**Article 106** Taxable income of legal entities (except for earnings in accordance with the provisions of the Act otherwise required to detect it is) on The profitability of activities and the provisions of Article (94) and (95) and (97) of the Act and its provisions will be determined. [\(July 22, 2015\)](#)

**Article 107** Taxable income of foreign natural and legal persons abroad for studying income in Iran or from Iran shall be determined as follows. Buildings and facilities for planning, surveying, planning, supervision and technical calculations, provision of training and technical assistance, technology transfer, services, and concessions and other rights, as well as rent movies or to play or transfer under any title or from Iran studying other income except in accordance with the provisions of the Act

otherwise prescribed for determining taxable income or tax them. According to the type of activity and profitability levels equivalent to ten percent (10%) to forty percent (40%) is the sum of the funds that they income tax within a year of this Article and values for tax assessment according to type of activity, within six months from the date of entry into force of this Act is the Ministry of Economic Affairs and Finance to the Council of Ministers. payment of taxes and penalties would be reserved.

[\(July 22, 2015\)](#)

**Note )1(** to the contract, that part of the contract that the consumer is purchasing equipment, provided that the contract amendments and extensions or subsequent sums of equipment is separate from the other items listed contracts, the domestic buy up to bill purchases of foreign purchase up to a total customs value of goods and customs duties and other payments from tax-exempt status is legal in the green license is exempt from taxation. [\(July 22, 2015\)](#)

**Note )2(** In cases where foreign contractors all or part of the activities of the Iranian legal entities as subcontractors the contractor to assign funds for the procurement of equipment mentioned in the contract first by and with due observance of the subcontractors, children and babies recent comments (1) of this Article, the contractors will get first-hand, is exempt from paying income tax. [\(July 22, 2015\)](#)

**Note )3(** branches and agencies of foreign companies and banks doing business in Iran without having the right to collect economic information and marketing for the parent company involved in Iran and to receive reimbursement of funds to its parent company are not subject to income tax. [\(July 22, 2015\)](#)

**Note )4(** Revenue from investment operations and other activities of legal entities shall be represented by such branches, representatives, agents and the like in Iran are subject to the provisions of Article 106 of this law will be. [\(July 22, 2015\)](#)

**Article 108** If the tax applicable to a reserve was not paid before the enforcement date of this amendment, then the relevant reserve shall not be taxed in case it is added to the capital account. But if the reserve is distributed or transferred to the profit and loss account, or if it is added to the capital, but the capital is decreased for an amount equal to the same reserve, then the relevant reserve shall be added to the taxable profits of the year in which such distribution, transfer or decrease of capital takes place. This rule shall not apply in case of the reserves set aside out of the profit resulting from the exempt operations of an enterprise during the period of exemption, and in case of the reserves subject to the Article 138 of the Direct Taxes Act of February 22, 1988 (*Esfand 3, 1366*) and its later amendments up to the date of approval of this amendment, provided that the relevant conditions applicable before the latter date were observed.

The reserves taxed before the enforcement date of this amendment shall not be subject to further taxation in case of distribution, transfer to profit and loss or capital accounts, or in case the enterprise is liquidated.

**Article 109** The taxable profits of Iranian insurance enterprises shall consist of:

- (1) Technical reserves at the end of the previous fiscal year;
- (2) Premiums received in respect of direct insurance transactions, less the refunds and allowances;
- (3) Premiums of collected reinsurance transactions less refunds;
- (4) Fees and share of participation in profits with regard to assigned reinsurance transactions;
- (5) Interest on the insurance deposits of reinsurers kept by the assigning msurers;
- (6) Share of reinsurers of the indemnity paid in respect of non-life insurance policies, and their share of payments for redemption, capital and annuities of life insurance; and

(7) Other profits.

Less:

(1) Stamp duty paid for insurance policies;

(2) Medical expenses of life insurance;

(3) Fees paid in connection with direct insurance transactions;

(4) Premiums of the assigned reinsurance policies;

(5) Share of the Fund of Physical Injury Indemnification from the premiums received from compulsory insurance of civil responsibility of the owners of surface motor vehicles vis-a-vis the third parties;

(6) The amounts paid as redemption, capital and annuities of life insurance, and the sum paid as indemnification in respect of non-life insurance;

(7) Share of the participation of insured persons in the profits;

(8) Fees and insurers' share of profits of accepted reinsurance transactions;

(9) Interests on deposits pertaining to the assigned reinsurance policies; (10) Technical reserves at the end of the fiscal year; and

(11) Other acceptable expenses and depreciations.

**Note (1)** The types of technical reserves of insurance institutions (being the technical reserves referred to in Article 61 of the Law on Establishment of the Central Insurance of Iran and Insurance Operations) for each field of insurance and the amount and method of their computation shall be determined under the regulations to be prepared by the Central Insurance of Iran. The Minister of Economic Affairs and Finance will approve the said regulations after approval of the Insurance High Council.

**Note (2)** The types of technical reserves of the Central Insurance of Iran for each class of insurance and the amounts and method of their computation will be determined by the general meeting of the Central Insurance of Iran.

**Note (3)** As for the direct insurance transactions, the premiums, fees, premium allowances, share of participation of the insured persons in profits and method of calculation of the said items shall be subject to the regulations adopted by the High Insurance Council. All such items, except the fees, should have been mentioned in the insurance policies.

**Note (4)** The items pertaining to reinsurance transactions, whether accepted or assigned, shall be subject to the conditions of contracts or agreements of respective insurance institutions.

**Note (5)** Foreign insurance enterprises deriving profits by accepting reinsurance from Iranian insurance institutions, shall be taxed at the rate of two percent(2%) on their premium profits and on interest on their deposits in Iran. Where the Iranian insurance institutions are engaged in insurance business in the country of their foreign reinsurers, and enjoy tax exemption in that country on their own reinsurance operations, the said foreign reinsurers shall also be exempted from taxation in Iran. Iranian insurance institutions allocating premiums to foreign reinsurers, who are subject to the tax provided under this Note, are required to withhold 2% thereof as the reinsurer's tax. They should remit, within **Note 5 to the end of next month**, the tax so withheld during each month, together with a list containing the

specifications of the reinsurer and applicable premiums to the respective Tax Affairs Office, and pay the said amounts to the relevant tax account. [\(July 22, 2015\)](#)

**Article 110** The legal persons are obligated to submit to the Tax Affairs Office local to the place of their main activity, their tax return, balance sheet and profit and loss account supported by their books of accounts, records and documents, together with a list containing the identities of partners or shareholders, their capital shares or number of shares, whichever be applicable, and addresses of each of them, and to pay the applicable taxes, not later than four months after the expiry of each tax year. After the submission of the said list for the first time, it will suffice to report changes only in subsequent years. The place for submission of tax return and payment of taxes for the foreign legal persons and enterprises residing abroad without having residence or agency in Iran, shall be Tehran.

The rule of this Article shall apply to the owners of factories and legal persons in the period of their exemption as well.

**Note-** In respect of profits for which other methods of assessment are provided under this Act, the legal persons are not required to submit separate tax returns stipulated in the relevant Chapters.

**Article 111** The companies consolidated or merged by means of establishing a new company or keeping the legal identity of a company shall be subject to the following regulations for tax purposes.

(a) Establishment of a new company or increase in the capital of an existing company up to the ceiling of total registered capital of consolidated or merged companies shall be exempt from the 0.2% stamp duty of Article 48 of this Act.

(b) Transfer of assets of consolidated or merged companies at the book value to the new or existing company, as the case may be, shall not be subject to the tax prescribed by this Act.

(c) Operations of the companies that are consolidated or merged into a new or existing company shall not be subject to the tax of the liquidation period mentioned in the Profits Tax section of this Act.

(d) Depreciation of the assets transferred to the new or existing company should continue according to the procedure observed before the consolidation or merger.

(e) Should any profits accrue to each of the shareholders of consolidated or merged companies, it shall be taxed according to the relevant regulations.

(f) All the tax liabilities and duties of consolidated or merged companies shall be borne by the new or existing company, as the case may be.

(g) The executive regulations of this Article shall be approved, not later than six months from the date of approval of this amendment, by the Council of Ministers based on joint proposal of the ministries of the Economic Affairs and Finance and Industries and Mines.

**Article 112** The rule of Article 99 and the Note thereto shall apply to the contracting operations of legal persons, whether Iranian or foreign.

**Article 113** The tax chargeable to foreign airline and shipping concerns shall be five percent(5%) of all amounts received by them for the carriage of passengers, freight, etc. from Iran, whether such amounts are received in Iran, at the destination or in route.

The representative or branch of the said concerns must submit, up to the twentieth day of each month, a statement to the local Tax Affairs Office, specifying the amounts received in the preceding month, and pay the applicable tax. No other taxes shall be imposed, as profits tax, on those enterprises in respect of the same income. In case the relevant branch or representative fail to submit the above statement on

time, or if the statement submitted, do not conform to actual situation, then the ex officio assessment of applicable tax, based on the number of passengers or volume of freight carried, shall apply.

**Note** Where the tax applicable to Iranian airline or shipping concerns in a foreign country is more than 5% of the fares received by them, and the situation is declared by the respective Iranian organization, the Ministry of Economic Affairs and Finance shall increase the tax of the airline and shipping enterprises of such country on par with the rates so applied to the Iranian concerns.

**Article 114** Prior to the convention of the general meeting or other competent organ that is invited for deciding upon the dissolution of a legal person, the last director, or directors, of the legal person are jointly charged with the task of drawing up - a statement containing the list of the company's assets and liabilities existing at the date of invitation. The statement should be drawn on a form to be prepared by the Iranian National Tax Administration for this purpose, and it must be submitted to the relevant Tax Affairs Office. The statement so submitted shall be valid for the Tax Affairs Office, if it contains at least the authorized signature, or signatures, and the seal of the company, as per the statute of the legal person.

**Article 115** The basis for computation of the tax applicable to the last term operations of legal persons that are going to be dissolved, shall be the value of their assets minus liabilities, paid up capital, the reserves and balance of profits already taxed.

**Note (1)** The value of the legal person's assets that are already sold shall be determined on the basis of the sale price, and in case of the remaining assets, the value shall be appraised at the prices of the date of dissolution.

**Note (2)** If the assets of a legal person that goes into liquidation include a property or some properties subject to Chapter 1 of Title C of this Act, or if it includes some shares, partnership shares or priority right of shares of companies, and if final transfer of such asset(s) is subject to the provisions of Article 59 or Notes of Article 143 of this Act, as the case may be, then the book value of such asset(s) shall not be considered as items of the liquidated legal person's properties for the purpose of determining the basis of assessment of the tax of the last term of the liquidated legal person's operations. In such cases, an amount equal to the same book value shall be deducted from the sum of the capital and liabilities. The tax applicable to the said asset(s) shall be determined and claimed based on the provisions of Article 59 or Notes to Article 143 of this Act, as the case may be.

**Note (3)** Should on the basis of the above provisions and at the date of dissolution any part of the properties of the liquidated legal person be subject to taxation at the flat rates of Article 59 or Notes of Article 143 of this Act, such part of properties shall not be taxed for the first transfer taking place after the date of liquidation.

**Article 116** The liquidators are required to draw up a tax return for the last term of the company's operations on the basis of Article 115 of this Act and submit it to the respective Tax Affairs Office and pay the applicable tax within six months from the date of the legal person's dissolution (being the date of registration of the legal person's dissolution with the Companies Registration Department).

**Note** The tax on last term operations of legal persons going into liquidation shall be assessed at the rate of Article 105, by due regard being had to Note 2 of Article 115 of this Act.

**Article 117** The Tax Affairs Office shall examine, out of turn and in accordance with the provisions of this Act, the tax return of the last term of the legal person's operations, and in case of objection to its content, shall assess the applicable tax, by issuing an assessment notice, and serve the same on the taxpayer not later than one year from the date of receiving the tax return. Otherwise, the tax applicable to the tax return submitted by the liquidators shall be considered as final. If it becomes evident

subsequently that some items of the legal person's assets were not mentioned in the tax return, the tax related to those items shall be claimed within the time limit set in the Note to Article 118 of this Act.

**Article 118** Distribution of the dissolved legal person's assets shall not be authorized, before obtaining tax clearance or giving a security equal to the amount of taxation.

**Note** The latest directors of the legal person in case of failing to submit the tax return provisioned in Article 114 of this Act or if they submit a false tax return, and the liquidators failing to observe the provisions of Article 116 of this Act and those of this Article, and the guarantor(s) of the legal person and guarantor partners ( as defined under the Commercial Code) shall be jointly and severally liable for the payment of the tax and fines applicable to the legal person, provided that the tax is demanded within the time limit set forth in Article 157 of this Act, which will begin from the date of publishing the case of dissolution in the State Official Gazette. The same rule shall apply to the persons to whom the assets of the legal person are distributed, but their responsibility will accrue in proportion to the share of such assets that is attributed to each of them.

## **Chapter six - Tax on Incidental Income**

**Article 119** The cash or non-cash income that a real or legal person earns ex gratia or through favoritism or as an award or under any other similar titles shall be subject to the Incidental Tax at the rates set in Article 131 of this Act.

**Article 120** The taxable income subject to this Chapter shall consist of one hundred percent(100%) of the realized income. The non-cash income shall be valued at the current prices of the date of realization of income in conformity with the provisions of this Act, except for real estates in respect of which the taxable value is determined in pursuance to Article 64 of this Act, in which case the taxable value shall constitute the basis of tax computation.

**Note-** In respect of compromise and gift against consideration, except for the cases subject to Article 63 of this Act, the taxable income of this Chapter shall consist of the difference between the values of the objects of the relevant reciprocal transaction. Such difference shall be assessed based on the provisions of this Article and shall be attributed to the party benefiting therefrom.

**Article 121** The compromise with option of cancellation and the revocable gift will be considered, for tax purposes, as final contracts, but if they are cancelled, dissolved as a result of mutual consent or revoked, within six months from the date of their conclusion, the funds collected as tax under this Chapter shall become refundable. Then, if some proceeds are accrued to the transferee during the interval between the conclusion of the contract and its cancellation, dissolution or revocation, the transferee shall be subject to the taxation of this Chapter with respect to such proceeds.

**Article 122** In case of compromise on a property whereby the proceeds of such property are allocated, for the life time or for a certain duration, to the compromising party or to a third party, the value of the property including the substance and proceeds thereof, at prices prevailing at the date of accrual of the proceeds of the property to the other party of the compromise, shall constitute the basis of that party's taxation, which shall apply at the same date.

**Note** If prior to the accrual of the relevant proceeds a transferring takes place, the price mentioned in the transfer deed shall constitute the basis of the tax on the transferor, who shall be subject to taxation in view of the provisions of this Chapter. However, the tax applicable to the last transferee of the substance of the property, to whom the proceeds of the property would also accrue, shall be computed on the basis of the difference between the value of the property as described above and the price he pays under the transfer deed.

**Article 123** Where the proceeds of a property are provisionally or permanently transferred to a person ex gratia, the transferee shall be obligated to pay the tax on each year's proceeds in the subsequent year.

**Article 124** In case of disposition of properties in favor of certain persons under a will, and after the will becomes final and as far as it is legally operative, the bequeathed property shall be added to the inheritance share of the heirs, if they are beneficiaries of the will, and as such shall be subject to the Inheritance Tax. In case of beneficiaries other than the heirs, the total amount of the willed property shall be taxed under the provisions of this Chapter.

**Article 125** The transfers that are taxable under the provisions of this Chapter pertaining to the Inheritance Tax shall not be subject to the tax provided by this Chapter.

**Article 126** Those deriving the income referred to in this Chapter are required to submit each year their tax return to the respective Tax Affairs Office and to pay the applicable tax, either until up to the end of *Ordibehesht* (May 21) of the subsequent year in case of the proceeds subject to Article 123 of this Article, or **The end of next month** from the date of earning of the income or accrual of the proceeds in other relevant cases. Where a notary public registers the transaction and taxes are already paid, the task of submission of tax return will be discarded. [\(July 22, 2015\)](#)

**Article 127** The Incidental Tax shall not apply in the following cases:

- (a) Cash and non-cash gratuitous donations of charitable or publicservice organizations, ministries, government enterprises and companies, municipalities or foundations of the Islamic Revolution to real persons, other than the payments subject to Salary Tax;
- (b) Funds or financial aids donated to those suffered from war, earthquake, flood, fire and other unexpected disasters; and
- (c) Bonuses paid by the government to promote exports or to encourage the production and purchase of agricultural produces.

**Note-** The executive regulations of Paragraphs (a) and (b) above shall be subject to the bylaw that will be prepared by the Ministry of Economic Affairs and Finance and the Ministry of Interior.

**Article 128** The taxable incidental profits of legal persons shall be assessed by reference to the books of accounts, and taxes paid at source by virtue of the provisions of this Chapter, shall be considered as the advance payment of their taxes.

## **Chapter seven - Tax on Aggregate Income**

**Article 129 Deleted.**

**Article 130** Back dues related to Articles 3 to 16, Note 3 of Article 59 and Article 129 of the Direct Taxes Act of February 22, 1988 (*Esfand 3, 1366*) and its later amendments shall not be claimable and collectible.

Note In areas that it would consider appropriate, the Ministry of Economic Affairs and Finance may spare wholly or partially and up to IRR **10,000,000** per each taxpayer, the tax liabilities arising from the income earned, or accrued, as the case may be, prior to March 21, 1969 (prior to the year 1368).

**Article 131** The tax rate on income of natural persons except in accordance with the provisions of this Act is a separate rate is as follows: [\(July 22, 2015\)](#)

1-The amount of five hundred million (500,000,000) Rials annual taxable income at the rate of fifteen percent (15%)

2-Surplus than five hundred million (500,000,000) the amount of one billion Rials (1000.000.000) annual taxable income at the rate of twenty percent (20%)

3- Compared to a surplus of one billion (1000.000.000) Rials annual taxable income at the rate of twenty-five percent (25%)

Note - for every ten percent (10%) increase in income means taxable persons subject to this provision compared to an income tax last year, one percentage point and up to five percentage points above rates will decrease. But enjoy this discount debt and give tax year before the tax return deadline announced by the tax authorities.

## **TITLE D - ON MISCELLANEOUS PROVISIONS**

### **Chapter one - Exemptions**

**Article 132** Declared income from manufacturing and non-manufacturing plants or mineral mining legal entities of the date of implementation of this provision of the exploitation license issued by the ministries concerned for their extraction and sale or contract entered into as well as revenues of hospital services, hotels, and the people the stay of tourists centers Remember that the stated date of the relevant regulatory authorities for their exploitation license or permit issued from the start date or mining operations or activities for five years and in less developed regions for ten years the zero rate is tax. [\(July 22, 2015\)](#)

A- Purpose of the tax at zero rate of duty is the way that leads subject to the submission of the declaration, legal offices, accounting documents as appropriate, for their revenues as stipulated in the Act and the deadlines specified in the INTA; and these organizations are also required to review the application and determine the taxpayer's taxable income, based on the facts, evidence and said statement and then determine the taxpayer's taxable income, tax is calculated at the rate of zero.

B- Zero tax rate for manufacturing and service units and other institutions mentioned in this article, which has more than fifty workers are employed in the exemption if, every year over the previous year at least fifty percent(50%) of the employed labor force increase Per year in added employees. The number of the employed labor force and the increase in employment per unit of the Ministry of Cooperatives, labour and Social Welfare and provide documents related to the list of employee Social Security attained. A decrease in the labor force increased from the minimum specified in the following year that the tax incentives have used this clause, tax reduction in demand and will recovery. Those who retired, resigned are redeemed and is not reduced. [\(July 22, 2015\)](#)

C- Zerioid to a zero tax rate for entities mentioned in this article located in industrial zones or special economic zones for two years and if the establishment of industrial zones or special economic zones in less developed regions, for three years increased. [\(July 22, 2015\)](#)

D- Any condition to a tax exemption for natural and legal persons active in the free zones and other areas of the country to submit a tax return when required by law. Corporate tax returns balance sheet and profit and loss account according to an example provided by the tax authorities. [\(July 22, 2015\)](#)

E- To encourage and increase economic investment in the units of this article in addition to the support of zero tax rate on the investment in less developed regions, and other regions is as follows support:

1- In less developed regions: [\(July 22, 2015\)](#)

Tax years after the tax calculated at a rate above zero at the beginning of this article as long as the total taxable income of up to twice the registered capital and paid, at the rate of zero is calculated after the tax for rates specified in Article (105) the Act and its notes calculated to be received.

2- In other regions: [\(July 22, 2015\)](#)

Fifty percent (50%) of the tax years after the tax calculation period mentioned in the beginning of this article at the rate of zero and fifty percent (50%) remained with the rates stipulated in Article (105) of direct taxes and its notes calculated to be received. This judgment until the sum of taxable income, equal to the registered capital and paid, continue and then, one hundred percent (100%) accrued tax rates prescribed in Article 105 of this law and its notes calculated to be received

Transport income of private legal entities, tax incentives fractions (1) and (2) of this paragraph are entitled [\(July 22, 2015\)](#)

Non- legal entities mentioned in this article have been established prior to this amendment, this material can be used in case of reinvestment of incentives.

Any investment authorized by the relevant legal authorities to the establishment, development, reconstruction and modernization of these units will to create fixed assets, excluding land costs, is subject to this paragraph. [\(July 22, 2015\)](#) [\(July 22, 2015\)](#)

F- Under exceptional land at the end of paragraph (e) in the case of legal entities, non-governmental investment in transport units, hospitals, hotels and tourist resorts only to the extent specified in the permission issued by the competent authorities, not the current.

G- A decrease in the amount of registered capital and paid by the persons mentioned tax incentives that have used this material to raise capital, demand and collect taxes and fines it will.

H- If the investment made in this article with the participation of foreign investors Organization for Investment, Economic and Technical Assistance of Iran licensed done every five percent (5%) of foreign investment participation in the amount of ten percent (10%) in incentives It is the ratio of registered capital and paid up to fifty percent (50%) is added. [\(July 22, 2015\)](#)

I. Foreign companies with local manufacturing units in Iran's capacity to produce goods with the authentic take action if at least twenty percent (20%) of products exported from the date of signing a cooperation agreement with Iran during tax at a rate of zero production unit production unit shall be subject to this Article of the said period, than fifty percent of (50%) discount on the tax rate to income from the sale of products declared for alternative mentioned in this article [\(July 22, 2015\)](#)

J- Zero rate of tax incentives in this article, including revenue generating units located within a radius of one hundred and twenty kilometers from the center of Tehran and mineral and fifty kilometers from the center of the province and other provinces and cities with more than thirty miles of three hundred thousand people, according to the latest census and not housing. [\(July 22, 2015\)](#)

IT production units with the approval of the relevant ministries and vice president of science and technology, however, have had the privilege of this article. The tax is based on all mineral production units and special economic zones and industrial parks except for special economic zones and towns located within one hundred-twenty km from the center of Tehran is calculated with zero rates and tax incentives have been mentioned in this article. [\(July 22, 2015\)](#)

The special economic zones and industrial zones or units that are in the range of two or more provinces or cities, Determine the scope of procedural criteria under which a maximum of three months after the adoption of this law jointly with the Ministries of Industry, Mine and Trade and Economic Affairs

and assets, Management and Planning Organization of Iran and the Environmental Protection Agency prepared and approved by the Council Cabinet. [\(July 22, 2015\)](#)

L- To the list of less developed regions of the province, city, district and county in the first quarter in five years, by the Management and Planning in collaboration with the Ministry of Economic Affairs and Finance in terms of indicators of unemployment and is prepared to invest in production and to the Council of Ministers, to the notification of the new list, the list of previous program is valid. Start date confirmed Authorities concerned, including the areas of credit incentives for less developed regions [\(July 22, 2015\)](#)

K- All Tourist installations before operating license from the authorities concerned in this article have been taken for up to six years after the date of entry into force of this Article shall pay fifty percent (50%) are exempt from tax on income declared. Sentence of this paragraph of the proceeds from sending tourists abroad is not enforcement [\(July 22, 2015\)](#)

R- One hundred percent (100%) declared income and pilgrimage tourism offices licensed by the relevant regulatory authorities of the location or sending pilgrims to attract foreign tourists to Saudi Arabia, Iraq and Syria acquired a zero rate of tax is taxable. [\(July 22, 2015\)](#)

S- tax at zero rate under this law only of income but the income declared is understatement. This rule applies to all tax provisions in this law and other laws, enforcement is the zero rate. [\(July 22, 2015\)](#)

T- Costs of private legal entities and cooperative research on licensed production and industrial exploitation of the ministries concerned in the form of contracts with universities or research centers and higher education has certain permissions from the Ministry of Science, Research and Technology and Health and medical education is done in the framework of comprehensive scientific map, provided that the annual progress report of the Council of universities or research centers, relevant and declared gross income from manufacturing and mining are less than a five billion (5.000 .000.000) not riyals, up to the amount of ten percent (10%) declared tax year these costs are forgiven. The amount equivalent to the account of the said income tax, tax will not be accepted as an acceptable cost. [\(July 22, 2015\)](#)

Administrative instructions in this clause is by offering INTA to pass Ministers of Economy and Finance, Industry, Mine and Trade, Science and Technology and of Health and Medical Education

Note (1) All tax and calculated with zero tax rate in excess of the existing rules referred to in this article shall be executed since the beginning of 1395.

Note (2) The executive regulations of this material and its provisions within six months after the notification law by the Ministries of Finance and Industry, Mine and Trade in collaboration with the National Tax Administration prepared and approved by the Cabinet [\(July 22, 2015\)](#)

**Article 133** One hundred percent of the income Fund to support the development of agriculture, derived by rural, tribal, agricultural, fishers, workers, employees, university and school students' cooperative companies and their unions shall be exempt from taxation. [\(July 22, 2015\)](#)

**Note-** The government is obligated to refund to the Central Organization of Rural Cooperatives of Iran an amount equal to the Income Tax attributable to that part of the said organization's declared profit, which is allocated, by virtue of its general meeting's approval, for investment in rural cooperatives. The refund will take place, after collecting the tax and remitting it to the State Public Revenue Account, out of a special item to be included in the state budget for the same purpose.

**Article 134** The income derived from educational and training activities by nonprofit schools, whether elementary, junior or senior secondary, technical or vocational, **Free vocational school are licensed by**

the state of vocational education and training, Kindergartens in less developed regions and rural areas, or by nonprofit universities and higher education institutions, as well as the income derived from taking care of mental and physical invalids by the institutions engaged in such activities, shall be exempt from taxation, provided that the aforesaid institutions have permission from the respective authorities. The income of the institutions and clubs having permission from the Physical Training Organization shall also be exempt from taxation, if it is derived purely from sport activities. [\(July 22, 2015\)](#)

The Executive Bylaw of this Article will be approved by the Council of Ministers on basis of the proposal of the Ministry of Economic Affairs and Finance.

### **Article 135 Deleted.**

**Article 136** The payments made by the insurance firms because **Life insurance and financial products**, which the beneficiaries receive under insurance policies, shall be exempt from taxation. [\(July 22, 2015\)](#)

**Article 137** The treatment expenditures paid during a tax year by a taxpayer for his treatment, or for the treatment of his spouse, children, father, mother, brother, and sister who are dependent on him, shall be accepted as deductible from his taxable income, provided that the payment of expenditure is certified by the treating institution or physician that have received the money, if they are residing in Iran. If the treatment takes place outside Iran due to the lack of necessary medical possibilities, as confirmed by the Ministry of Health and Medical Education, then the payment of the said expenditure must be certified by the official authorities of the Islamic Republic of Iran in the country where the treatment is effected, or by the Ministry of Health and Medical Education. The insurance premiums paid by individuals to the Iranian insurance institutions with respect to **Types of life insurance and life health insurance** will also be deductible from the taxpayer's taxable income. [\(July 22, 2015\)](#)

In case of invalids and hardly curable special patients, the expenses incurred for taking care of them and for their rehabilitation shall also be deductible, besides the aforesaid expenditures, from the taxable income of the invalids and patients or from the income of the persons to whom they depend.

**Article 138** Those who have the cash to fund projects and initiatives and working capital in the form of contracts to provide manufacturing enterprises, at least expected profit of Money and Credit Council approved contracts are exempt from paying income tax and profit for the payer, of interest payment shall be considered as an acceptable cost of the tax. [\(July 22, 2015\)](#)

**Note (1)** The use of the exemption under this article up to two years can withdraw cash from manufacturing firms. The decrease in cash, to the value of the exemption is used, cash withdrawal tax year, will be added.

**Note (2)** Recognition of the use of cash to finance the realization of design projects or working capital related to tax affairs office area

### **Article 139**

(a) Endowments, offerings, premiums, cash and non-cash aids and gifts received by the *Razavi* holy sanctuary, splendid sanctum of *Hazrat Abdolazim* (peace be upon him), sanctuary of *Hazrat Ma'soumeh* (upon her be the greeting of God), shrine of *Hazrat Ahmad ben Musa* (peace be upon him), *Shah Cheragh*, holy shrine of *Hazrat Imam Khomeini* (upon him be the favor of God), mosques, *Hosainiyehs*, *Takyehs* and other blessed sanctuaries shall be exempt from taxation. Recognition of other blessed sanctuaries is entrusted to the Endowments and Charitable Affairs Organization.

(b) Cash and non-cash aids and gifts received by the Red Crescent Society of the Islamic Republic of Iran shall be exempt from taxation.

(c) Cash and non-cash aids and gifts received by the retirement saving funds, Medical Services Insurance Organization, Social Security Organization, Social Security Fund of Villagers and Ashayer (nomads) and the insurance premiums and pension contributions paid by employees and employers and the accrued fines shall be exempt from taxation.

(d) Cash and non-cash aids and gifts received by the Islamic sciences schools shall be exempt from taxation. Recognition of Islamic sciences schools is entrusted to the Managing Council of the Qom Religious Sciences Society.

(e) Cash and non-cash aids and gifts received by the foundations of the Islamic Revolution shall be exempt from taxation. Recognition of the foundations of Islamic Revolution is entrusted to the Council of Ministers.

(f) Any part of the income of the State Fund for Development of Endowments spent for development of endowments shall be exempt from taxation.

(g) The income of persons out of benevolent contributions of the High Spiritual Leadership [*Vali-e Faqih*] or out of *Khoms* or *Zakat* shall be exempt from taxation.

(h) Any part of the income, of public endowments used, in conformity with the religious criteria, for purposes like the Islamic propagation; studies in cultural, scientific, religious and technical fields; inventions; discoveries; education and training; hygiene and treatment; construction, repair and maintenance of mosques, praying oratories, religious science societies, Islamic science schools, government schools and universities; ceremonies of religious mourning and giving victuals; repairing of antiquities; development and improvement affairs; payment of educational expenditures or loans to pupils and students; aids to the poor and those suffered from flood, earthquake, fire, war and other unexpected catastrophes, shall be exempt from taxation, **And also construction, repair and maintenance of orphans and child-care centers and unsupervised in different age and sex groups, elderly care centers, training and employment workshops spinal cord injuries, physical and motor disabilities, female-headed households and girls her supervisor centers education, rehabilitation and training and mentally disabled children, blind, low-vision, hearing and deaf, and other facilities and sites are able to serve clients support organizations Welfare** provided that the aforesaid income and expenditures are confirmed by the Endowments and Charitable Affairs Organization; [\(July 22, 2015\)](#)

**Note (1) acquittance by the research branch of the Article (14) of the organization and powers of the Ministry of Hajj and Religious Affairs 02.10.1363 issued by the charity or if the deadline for the submission of the declaration to the National Tax Administration presented, for enjoyment of any tax exemption provided for in this Act or other laws, is seen as a taxpayer's tax return. In the years prior to this law if the acquittance of the end of 1394 the tax authorities, the tax return will be considered.**

(i) Cash and non-cash aids and gifts received by registered charities and public-service institutions shall be exempt from taxation, if such aids and gifts are used, in conformity with the statute of relevant institutions, for the purposes mentioned in the above paragraph "h" of this Article and the Iranian National Tax Administration supervises over their income and expenditures.

**Note (2) Cash and in-kind contributions are not spent in any fiscal year without tax belongs to the next fiscal year is passed. [\(July 22, 2015\)](#)**

(G) Cash and non-cash aids and gifts received by professional associations, parties and non-government groupings that are licensed by the relevant authorities, and the membership fees paid by their members and fractions withheld from income or wages of their members and remitted to the account of those organizations in view of the relevant laws and regulations, shall be exempt from taxation.

(k) Cash and non-cash aids and gifts received **And revenues and proceeds of the foregoing for** by the religious societies and missions of the religious minorities dealt with in the Constitution and their endowments, shall be exempt from taxation, provided that their official status is approved by the Ministry of Interior. [\(July 22, 2015\)](#)

(J) Publishing, journalistic, cultural, **And the Quran (licensed by the Ministry of Culture and other concerned agencies)** and artistic activities performed based on the permit of the Ministry of Culture and Islamic Guidance shall be exempt from taxation. [\(July 22, 2015\)](#)

**Note(1)** Receipts from non-profit activities carried out for the purpose of achieving the goals and responsibilities of the persons subject to this Article through setting up of educational courses and seminars, publishing books and periodicals and the like shall be exempt from taxation, provided that such receipts are earned in conformity with their statutes and the Iranian National Tax Administration has supervision over their income and expenditures.

**Note (2)** The rule of Note 2 of Article 2 of this Act shall apply to the taxable income of the persons subject to this Article.

**Note (3)** The Iranian National Tax Administration shall prepare Executive regulations of this Article. Based upon the proposal of the Ministry of Economic Affairs and Finance, the Council of Ministers will approve it.

**Note (4)** As for the cases where there exist permissions from Hazrat Imam Khomeini (upon him be the favor of God) or from the High Spiritual Leader, the rule of this Article will be carried out according to the view of the High Spiritual Leader.

**Note (5)** earnings from endowments and cash and non-cash aids and gifts received by persons subject to paragraphs (i) and (k) are tax exempt. This sentence included income of subsidiaries not mentioned persons. [\(July 22, 2015\)](#)

## **Article 140 Deleted.**

**Article 141** One hundred percent (100%) of the proceeds from the export of non-oil goods and services and agricultural and twenty percent (20%) of export earnings [\(July 22, 2015\)](#)

Raw materials are taxed at a zero rate. List of raw materials and petroleum-based products jointly by the Ministries of Economic Affairs and Finance, Industry, Mines and

Trade and oil and Chamber of Commerce, Industry, Mines and Agriculture is approved by the Cabinet.

**Note (1)** Revenue from export of various goods for transit to Iran, and no change in the nature or to do something on that issue is to be taxed at a rate of zero.

**Note (2)** The provisions of this Article after the end of the fifth five-year development program of the Islamic Republic of Iran's Law Enforcement Act enters into force 10/15/1389.

**Article 142** The income of hand-woven carpet workshops and handicrafts, as well as the income of their respective cooperatives and production unions shall be exempt from taxation.

**Article 143** Ten percent of the Tax on Income derived from the selling of commodities accepted and sold in the Commodity Stocks, and ten percent(10%) of the Tax on Profits of companies listed in the domestic or foreign stock exchanges, and five percent(5%) of the Tax on Profits of companies listed for OTC transactions of domestic or foreign stock exchanges, shall be rebated after the approval of the Stock Exchange Organization as of the year of enlistment until the year they are unlisted from the stock exchange. The abovementioned exemptions shall be doubled for companies listed in the domestic or

foreign stock exchanges or OTC markets of domestic or foreign stock exchanges, provided that at the end of the fiscal period, and based upon the approval of the Stock Exchange Organization, they have at least twenty percent (20%) of free floating shares.

**Note (1)** Out of each transfer of shares and the partners shares, priority rights of shares and the partners' share in other companies, a flat rate of four percent(4%) of their nominal value are collected. No any other payment is due, as the tax on the abovementioned transfers. Transferors of shares, partners' shares and preemptive rights shall be required to settle the due tax to the Iranian National Tax Administration before the transfer.

**Note (2)** The flat rate of half percent(0.5%) of tax shall be applied to the share premium reserve of the joint stock companies and no any other tax shall be applied on the aforesaid gain. Companies shall be required to settle to the Iranian National Tax Administration Account, the applicable tax, **at the end of next month** of the registration of the capital appreciation. [\(July 22, 2015\)](#)

**Article 143 (bis)** A flat tax of half percent (0.5%) of the sale value of shares and preemptive rights shall be applied on any transfer of shares and priority rights of shares of companies, whether Iranian or foreign, in the stock exchanges or in the licensed OTC markets, shall be collected and, in this respect, no more tax on the income from the transfer of shares and preemptive rights and value added tax on the purchase and sale shall be claimed.

Brokers of stock exchanges and OTC markets shall be required to collect the aforesaid tax from the transferor during each transfer and settle it to the account assigned by the Iranian National Tax Administration and within ten days from the transfer date, shall send the relevant receipt along with a list containing the number and amount of shares sold and the preemptive rights so transferred to the local Tax Affairs Office.

**Note (1)** All incomes of the investment fund within the framework of this Law and all incomes derived from investment in securities, subject of Paragraph 24 of Article I of the IRI Securities Market Law legislated in 2005 and the gains from the transfer of such securities or the gains from issuance and redemption of the same shall be exempt from Income Tax and value-added tax on the strength of the Value-Added Tax Act legislated on May 22, 2008 (*Khordad 2, 2008*) and no tax whatsoever shall be claimed for the transfer, issuance and redemption of the foregoing securities.

**Note (2)** The profit and fees paid or allocated for securities, subject of Note I of this Article, excluding the dividend and partners' shares of companies, and the profits gained from the certificates of investment in funds, on the condition of registering these securities with the Stock Exchange Organization, shall be regarded as acceptable expenses for the purpose of assessment of taxable income of the issuer of such securities.

**Note (3)** If any real or legal person domiciled in Iran, who is the shareholder of the company listed on the exchange or OTC markets, sells his shares or priority rights of shares in foreign stock exchanges or foreign OTC markets, no tax whatsoever shall be levied in Iran in this respect.

**Note (4)** The investment fund shall not be authorized to engage in any other economic activity whatsoever outside the area provisioned in the licenses issued by the Stock Exchange Organization.

**Note (5)**Transfer of securities portfolio and securities portfolio is licensed from the Stock Exchange and OTC fixed tax Half percent (0/5%) of this Article, shall be exempt. [\(July 22, 2015\)](#)

**Article 144** Movable dowry and marriage portion, whether movable or immovable; scientific awards; educational scholarships; as well as the income earned by inventors and discoverers based on their invention or discovery rights, shall be exempt from taxation in general. The income derived from

research and studies by the centers holding research licenses from the competent ministries, shall also be exempt from taxation for a period of ten years from the date of enforcement of this amendment according to the criteria to be stipulated in the bylaws to be proposed by the ministries of Science, Research and Technology, Health and Medical Education, and Economic Affairs and Finance, and will be approved by the Council of Ministers.

**Article 145** The interest received under any title shall be tax exempt in the following cases:

- (1) Interest on deposits related to pension contributions and savings of employees and laborers held by Iranian banks, within the limits of the respective employment regulations;
- (2) Interest or bonuses accrued to saving accounts and various deposits held by the Iranian banks or authorized non-bank credit institutions. This exemption is not applicable to the deposits of banks or authorized non-bank credit institutions with each other;
- (3) Bonuses accrued to the government and treasury bonds;
- (4) Interest paid by Iranian banks to the banks outside Iran on overdrafts and time deposits, subject to reciprocal treatment; and
- (5) Interest and bonuses accrued to participation bonds.

Note- Wherever the Direct Taxes Act refers to banks, the specified privileges, facilities, priorities and duties shall apply to the non-bank credit institutions established on the strength of the law or by authorization of the Central Bank of the Islamic Republic of Iran, as well ,**The Small Industries Investment Guarantee Fund, a fund to support research and development of electronics, marine and mining investment insurance and fund the development of investment in the agricultural sector.** [\(July 22, 2015\)](#)

**Article 146** All exemptions granted under previous laws and regulations for a certain period will remain in force, by due regard being had to the respective provisions, until the date of their expiry.

Note The tax on the interest accrued to the installment bonds of the Land Reform, will continue to be spared as before.

**Article 146 (bis)** Exemptions mentioned in Articles (133), (134), (139) "With the exception of paragraphs (A), (B) and (G) it" (142), (143) and Clause (1) Article (143 repeatedly ) as the tax rate is zero. [\(July 22, 2015\)](#)

Note (1) file a tax return, offices or documents referred to in Article 95 of this law in due course to ensure that the National Tax Administration declares the exception of paragraph (H) of Article (139) of this law in accordance with Article 85 of the Accession Some of the law is part of government financial regulation (2) 12.04.1393 approved the action. And any exemptions or incentives provided to a zero rate of tax is set forth in this Law and other laws and if you do return, books or documents mentioned, taxpayers are taxed according to the rules and regulations of this law, fines and penalties set forth in this law. Note sentences for drug coverage (144) and (145) and paragraphs (A), (B) and (G) of Article (139) of this Law is not current. Execution of the Note on natural persons by Article (81) of the Act for the gradual and proportional to the capacity building of the executive, administrative and state tax will be announced by the Authority.

Note (2) to the zero rate of tax credit calculated under this Article shall support collective funds annually in the budget is expected to account for these individuals. Funds allocated under this provision is seen as and if required credits in a fiscal year exceeds the amount approved in the budget law of the country the same year Support collective and mutually credit these sources, the proposal

of the Ministry of Economic Affairs and Finance, the Council of Ministers and the approval of Parliament is increased.

## **Chapter two - Acceptable Expenses and Depreciations**

**Article 147** Acceptable expenses for assessment of taxable income, in view of the provisions of this Act, shall consist of expenditures that are within the prescribed limits and are supported - to the extent required by the custom and usage - by documentary evidence and are exclusively connected with the earning of the enterprise's income during the relevant fiscal term. If certain expenditure is not dealt with in this Act or is beyond the limits provisioned herein, but its payment is effected by virtue of a law or a decree of the Council of Ministers, then it shall be acceptable.

**Note (1)** For the purposes of this chapter, all legal entities and businesses as well as Article 95 of this law that are required to hold offices in the order are firm. Acceptable costs of tax on other businesses are also acceptable. [\(July 22, 2015\)](#)

**Note (2)** The cost of revenues in accordance with the law of tax-exempt or taxed at a zero rate or a fixed rate is computed as tax costs are not considered acceptable. [\(July 22, 2015\)](#)

**Note (3)** admission fees acceptable clearinghouse is not done in the way of tax under this Act the amount of fifty million (50,000,000) subject to the payment or settlement currency will be above its way through the bank system. [\(July 22, 2015\)](#)

**Article 148** The expenditures that are described hereunder and meet the conditions provisioned in the above Article will be acceptable in tax assessment:

- (1) Purchase price of the sold goods and or the purchase price of materials used in the sold goods and services;
- (2) Personnel costs proportional to the services of employees and on basis of the enterprise's employment regulations, including:
  - a) Basic salaries or wages and regularly recurring benefits, whether in cash or non-cash (the non-cash benefits at their cost to the employer);
  - b) Irregular non-recurring benefits, whether in cash or non-cash, such as foodstuffs, productivity allowance, bonus, New Year bonus, overtime pay and travel expenditure and allowance. The limits of travel expenditure and allowance paid to directors, inspectors and employees traveling abroad to provide for the relevant enterprise's needs, shall be determined under the regulations that will be prepared by the Ministry of Economic Affairs and Finance and the State Organization of Management and Planning, and will be approved by the Council of Ministers;
  - c) Health and treatment expenses and payments for health and life insurance of employees, or for insuring them against accidents arising out of work;
  - d) Retirement pension, survivors pension and termination of employment payments in view of the enterprise's employment regulations, dismissal compensation and payments for buying-out of services in view of the enacted laws and in respect of the amount of such payments that exceeds the relevant reserve account;
  - e) Payments to the Social Security Organization in accordance with the relevant regulations and an amount up to three percent(3%) of the paid annual salaries, as the employees' savings, in view of regulations to be prepared by the Iranian National Tax Administration and approved by the Minister of Economic Affairs and Finance; and

f) Funds reserved for financing the retirement pension, survivors pension, termination of employment payments, dismissal compensation and payments for buying-out of services of the enterprise's employees, up to the amount of the latest monthly salaries and wages and the balance resulted from the adjustment of the previous years' salaries. This rule shall apply to the reserves deposited in bank accounts so far, as well. **Payments to pensioners up to a maximum of one twelfth of the exemptions under Article (84) of the Act.** [\(July 22, 2015\)](#)

(3) Rent paid for the enterprise's premises in case of being rented. The amount of rental shall be determined on basis of the official deed (if any), otherwise within the normal range;

(4) Rental of enterprise's machinery and equipment in case of being rented;

(5) Costs of fuel, electricity, lighting, water and communications;

(6) Funds paid in respect of various kinds of insurance relating to the operations and assets of the enterprise;

(7) Royalties paid, as well as the duties, levies and taxes paid to municipalities, ministries, government institutions and their affiliates in connection with the activities of the enterprise ( except for the income tax and its appendants and other taxes that the enterprise is obligated, under the provisions of this Act, to withhold from its payments to other persons and remit it, as well as the fines paid to the government and municipalities);

(8) Research, experiment and education expenses, purchases of books, periodicals and compact disks, marketing, advertising and exhibition expenses, if such expenditures pertain to the activity of the enterprise, and on basis of the regulations to be proposed by the Iranian National Tax Administration and approved by the Minister of Economic Affairs and Finance.

(9) Expenditures related to the indemnification of damages caused by  
the operations or assets of the enterprise, provided that:

First, the occurrence of the damage is ascertained;

Second, the type and extent of the damage are determined; and

Third, no other party is responsible for indemnification thereof under the provisions of the existing laws or agreements, or - at any event - the damage is not otherwise recovered.

Regulations concerning the realization of the above three conditions shall be approved by the Minister of Economic Affairs and Finance on basis of the proposal of the Iranian National Tax Administration.

(10) Cultural, sport and welfare expenditures paid in respect of workers to the Ministry of Labor and Social Affairs, up to a maximum amount of IRR 10,000 per each worker;

(l l)Reserves against doubtful receivables, provided that:

First, the receivables are connected with the enterprise's business; Second, they are, most probably, not recoverable; and

Third, the reserve is administered under a special heading in the enterprise's books of accounts until the claim is recovered or its incapability of being recovered becomes ascertained;

The Minister of Economic Affairs and Finance will approve regulations concerning this Paragraph on basis of the proposal of the Iranian National Tax Administration.

(12) Losses of real and legal persons, if ascertained by examination of their statutory books of accounts and in conformity with the regulations, may be carried forward and be offset against the income of subsequent year(s).

(13) Small expenses incurred in connection with the premises of the enterprise, if such expenses are customarily borne by the tenant and the place of business is rented;

(14) Expenses incurred for maintenance and upkeep of the premises, if the place of business is owned by the enterprise;

(15) Transportation expenses;

(16) Expenses related to transportation of employees, entertainment and warehousing;

(17) Fees paid in proportion to the services rendered such as commission, brokerage, legal fees, consultation fees, conference fees, auditors fees and fees for administrative, financial and inspection services, expenses related to software and designing and setting up of systems needed for the enterprise, expenditures for other specialized services pertaining to the activities of the enterprise and the legal inspector fees;

**(18) Interest, fees and penalties for the operations of banks, mutual funds, funds support the development of agriculture as well as non-bank credit institutions and companies authorized deposit (leasing) is licensed by the Central Bank paid or allocated. [\(July 22, 2015\)](#)**

(19) Price of office supplies and office equipment that are usually consumed within one year;

(20) Cost of repair and maintenance of machinery and work equipment and the cost of replacement of spare parts, provided that it would not be considered as a basic repair;

(21) Abortive mine exploration expenditures;

(22) Membership and subscription fees paid in connection with the business of the enterprise;

(23) Bad debts in excess of the reserve for doubtful receivables and if it is proved by the taxpayer to be unrecoverable;

(24) Currency exchange losses computed in accordance with accepted accounting practice, provided that it is applied consistently from year to year by the taxpayer;

(25) Normal wastage of production;

(26) Reserve of payable acceptable expenses related to the assessment year;

(27) Acceptable expenses related to previous years, the payment or allocation of which is realized in the tax year under examination; and

(28) Expenses for purchasing of books and other cultural and art goods for employees and their dependants, up to a maximum amount equal to five percent(5%) of the exemption threshold of Article 84 of this Act in respect of each individual.

**(29) Save the after-sales service (warranty) legal entities. [\(July 22, 2015\)](#)**

**Note (1)** Expenses that are not mentioned in this Article, but are considered to be related to the earning of the enterprise's income, shall be accepted as deductible expenses based on the proposal of the Iranian National Tax Administration and approval of the Minister of Economic Affairs and Finance.

**Note (2)** Directors and owners of a legal person's capital shall be considered as the enterprise's employees, in case they are engaged in salaried positions of the enterprise. In the enterprises other than legal persons, however, the salary and fringe benefits paid to the owner of enterprise and his spouse and children who are dependent on him, shall not be considered as acceptable expenses, except for service-related travel expenditure and allowance, which shall be subject to the subparagraph (b) of Paragraph (2) of this Article.

**Note (3)** For computation of the tax applicable to the cooperative companies and unions, the reserves mentioned in paragraphs 1 and 2 of Article 15 of the Cooperatives Act of June 6, 1971 (*Khordad 16, 1360*) and its later amendments shall be accepted as deductible expenses. In case of the cooperative companies and unions that have adapted, or will adapt, their status to the Law of September 4, 1991 (*Shahrivar 13, 1370*) concerning the Cooperative Sector of the Economy of the Islamic Republic of Iran, the reserve mentioned in paragraph 1 of Article 25 of the latter law, and the cooperative and education allowance referred to in Paragraph 3 of the same Article will be accepted as deductible expenses.

**Article 149** The portion of assets caused by the use or the passage of time or other factors change, regardless of the value of the reduced prices as well as the establishment costs, significant depreciation and amortization cost of the tax expenditure is considered acceptable. Provisions for depreciation of assets includes depreciation tables and how to implement it in accordance with the accounting standards developed by INTA, and within six months from the date of enactment of this law is approved by Minister of Economic Affairs and Finance. [\(July 22, 2015\)](#)

**Note (1)** rises due to the revaluation of assets, legal, compliance with accounting standards and is not subject to income tax [\(July 22, 2015\)](#)

Depreciation expense increased due to the revaluation tax is not regarded as an acceptable cost.

At the time of the sale or exchange of revalued assets, the difference between the sale price and the book value without revaluation in order to be taxable income. [\(July 22, 2015\)](#)

**Note** Approvals executive regulations on how the revaluation, sale and depreciation of revalued assets and other requirements and administrative arrangements that are made in compliance with accounting standards, the Ministry of Economic Affairs and Finance within six months from the date of entry into force of this law March 21, 2016 (01/01/1395) to the Council of Ministers [\(July 22, 2015\)](#)

**Note (2)** If the sale of depreciable property or Denied latest machines, the company realized losses, losses are not amortized assets minus the value of proceeds (if sold), one can account for the profit and loss account in the year. Note the order of the revalued assets than the current book value without revaluation.

**(Articles 150 through 151)deleted.** [\(July 22, 2015\)](#)

## Chapter three - Tax Indicia and Coefficients

**(Articles 152 through 154)deleted.** [\(July 22, 2015\)](#)

## Chapter four - General Provisions

**Article 155** The tax year is a solar year beginning on March 21 (the first day of *Farvardin*) of each year and ending on March 20 of the next year (the last day of *Esfand* of the same year). However, in case of taxable legal persons whose fiscal year, which is determined under their statute, does not coincide with

the tax year, the income of their fiscal year, instead of tax year, will be taken as the basis for assessment of their taxable income. The time limit for submission of tax return, balance sheet and profit and loss account of such persons and payment of their taxes shall be 4 solar months after the end of their fiscal year.

**Article 156** The Tax Affairs Office shall examine the tax returns submitted within the legal time limit by taxpayers in respect of the income derived from each source, within one year from the expiry of the time limit stipulated for filing of tax returns. In case of failure to issue the assessment notice within the said time limit, or to serve the assessment notice on the taxpayer within three months after the expiry of the aforementioned one - year period, the tax return of the taxpayer shall be finalized.

If after the finalization of the tax return, or after review of the case and issuing and serving of the tax assessment notice, whether the tax is finalized or not, it becomes evident that the taxpayer have had some hidden income or profitable activities whose applicable tax had not been claimed, then the claim shall be made in respect of the income tax pertinent to such activities only, with due regard being had to the provisions of Article 157 of this Act. In this case, as well as in cases where the taxpayer's tax return is considered as final, since it is not examined, the Tax Affairs Office shall send, within 10 days from the date of issue of the tax assessment notice, a copy thereof, together with a justifying report, to the Office of the Tax Disciplinary Prosecutor for examination.

**Article 157** As for the payers of income tax who fail to file on time the tax return of the relevant source of income, and in cases where such taxpayers are not required, under the provisions of this Act, to file a tax return at the deadline of the payment of the tax, the statute of limitation shall be five years from the deadline stipulated for the payment of the tax. The applicable tax shall not be claimable after the expiry of the said period of five years, unless the taxpayer's income is determined and the tax assessment notice is issued and served upon the taxpayer within three months from the expiry of the said period of five years.

**Note** If for any reason the tax is claimed from a person other than the taxpayer, such claim, on what stage it might be, shall be considered as cancelled when the Board of Settlement of Tax Disputes confirms this situation. In such cases, the Tax Affairs Office is required to claim the applicable tax from the real taxpayer within one year from the date of issue of the Board's opinion and without observing the aforesaid statute of limitation. Otherwise, the statute of limitation shall apply.

**Article 158** The Iranian National Tax Administration may announce, by publishing an advertisement within the first half of each year, that in respect of some tax sources, wholly or partially, and in regions, which it considers appropriate, those taxpayers who file their tax returns on time, the Administration will accept, without further examination, their tax returns next year, and only a number of tax returns will be examined through sampling and according to the provisions of this Act.

**Article 159** The funds paid, as the tax on each income source through remittance to the account announced by the Iranian National Tax Administration or through affixation of tax stamps, shall be taken into account at the time of assessment and computation of the final tax of the taxpayer. In case of payments in excess of the applicable tax, the overpaid amount shall be refunded.

**Note** The Iranian National Tax Administration is authorized to collect at source and at related rates, all the taxes applicable to non-Iranian taxpayers and persons residing abroad.

**Article 160** The Iranian National Tax Administration shall have priority over other creditors for collection of applicable taxes and fines from taxpayers and persons responsible for the payment of the tax. Exceptions are the claims of persons having rights on a pledged property and the service related

claims of workers and employees. The latter rule shall not prevent collection of the tax on transfer of the pledged property.

**Article 161** In cases where the taxpayer's tax is not yet finalized or the course of its execution is not completed and it is feared that some property or properties might be wasted by the taxpayer, aimed at tax evasion, the Tax Affairs Office shall apply to the Board of Settlement of Tax Disputes for a writ of attachment, by presenting sufficient evidence. The Board shall issue an appropriate writ of attachment if it finds such measure necessary, and shall mention the relevant amount therein. The Tax Affairs Office shall effect the attachment, up to the same amount, with regard to the taxpayer's properties or funds held by the taxpayer or third parties. In this case, the taxpayer or the third parties shall not be authorized, when the written notice of the Tax Affairs Office is served on them, to dispose of the attached properties, unless they give security equivalent to the claimed amount. In case of infringement, they shall be subject to the punishment provided under Note 2 of Article 199 of this Act, in addition to the payment of the claimed amount.

**Article 162** Where several persons are considered responsible for the payment of the tax, the tax Affairs Office shall be entitled to refer to them, individually or collectively, for collection of the tax. Referring to every one of them shall not preclude the right of referring to others.

**Article 163** The Iranian National Tax Administration is authorized to require some or all of the taxpayers whose taxes are not withheld and remitted at the time of earning, to pay in the course of a year the applicable tax of the same year, as an on account payment and equal to a percentage of their latest finalized tax of previous years, or in proportion to the volume of their operations. In case of failure, the same on account amount shall be collected according to the provisions of this Act.

**Article 164** For the purpose of facilitating the payment of taxes and reducing the cases of taxpayers' visits to Tax Affairs Offices, the Iranian National Tax Administration shall open a special account through the Central Bank of the Islamic Republic of Iran in the Bank Melli Iran, so that the taxpayers may apply directly to the branches or counters of the Iran Melli Bank for paying their taxes to the said account.

**Article 165** If some damages are sustained by a region of the country or by certain taxpayer(s) due to accidents and perils, such as earthquake, flood, fire, pests, draught, storm or other unexpected catastrophes, and such damages are not indemnified by the ministries, government institutions, municipalities, insurance organizations or public-interest institutions, then the Ministry of Economic Affairs and Finance may deduct from the taxpayer's taxable income of the same year and subsequent years a sum equal to the damages sustained. In case of the taxpayers that loose more than fifty percent(50%) of their properties due to the said incidents and are not able to pay their tax liability, the Ministry can spare all or a part of their liability or grant them long term installment plan for payment of their dues, after obtaining the approval of the Council of Ministers.

The executive bylaw for implementation of this Article shall be prepared by the Ministry of Economic Affairs and Finance and will be approved by the Council of Ministers.

**Note** In the west and south regions of the Country that suffered from the war, whose list shall be declared by the Council of Ministers based on the proposal of the Ministry of Economic Affairs and Finance, the taxpayers shall enjoy the following tax facilities:

(a) Fifty percent of the said taxpayers' income tax applicable to the income derived in such regions since March 21 1989 (the beginning of the year 1368) until March 20, 1994 (the end of 1372) shall be spared;

(b) One third of tax liability of such taxpayers accrued until March 20, 1989 (the end of the year 1367) on income derived in those regions will be spared against each year of their occupation in the same areas, beginning from the effective date of this amendment.

(c) Up to one third of taxes paid by those taxpayers in respect of the income derived in the said regions during September 21, 1980 (*Shahrivar 30, 1359*) until March 20, 1989 (the end of the year 1367), will be credited each year against the taxes applicable to them in subsequent years in the same regions; and

(d) If a taxpayer is not able to continue his business in the said regions and provides evidence to that effect, which could be accepted by the Ministry of Economic Affairs and Finance, then his specified liability shall be wholly or partly spared.

**Article 166** The Iranian National Tax Administration may prepare certificates against advance payment of taxes and make them available to taxpayers for purchase. The certificates will be of registered type and untransferable. At the time of discharge of the taxpayer's liability, a sum shall be deducted therefrom equal to his advance payment plus two percent (2%) of the same, against each quarter of early payment of the tax.

**Article 167** With regard to the taxpayers who can not afford to settle their tax liability, including the principal tax and fines, at once, the Ministry of Economic Affairs and Finance or the Iranian National Tax Administration may agree with them to pay the same in installments, but not later than three years from the date of notification of their final tax liability.

**Article 168** The government may conclude tax agreements with foreign states, aiming at the prevention of double taxation and exchange of information with regard to taxpayers' income and assets, and to implement such agreements after being approved by the Islamic Consultative Assembly. The tax-related conventions and agreements already concluded with foreign states and approved by the legislature or the Council of Ministers before the effective date of this Act, will continue to be valid as long as they are not terminated. The government is obligated to review, within one year from the date of enforcement of this Act, the previous conventions and agreements to find whether they should remain in force or are to be terminated, and to report its reasoned opinion to the Islamic Consultative Assembly.

**Article 169** Legal entities and businesses that are subject to this law are obliged to register with the National Tax Administration of the tax system, conduct their transactions and parties in the bill and its economic issue invoices, contracts and other similar documents printed and list their transactions of these organizations offer. [\(July 22, 2015\)](#)

No billing or not to include the economic numbers and the transaction or the use of economic numbers to others or use of other economic numbers for their transactions, shall be subject to a fine equivalent to two percent (2%) of the amount traded. It also did not provide a list of transactions is set to INTA through methods that are subject to a fine of one percent (1%) transactions listed yet, [\(July 22, 2015\)](#)

**Note (1)** If the transactions of legal entities and businesses mentioned in this article, individuals final consumer product or service, as well as natural persons under Article 81 of this law shall enter the number of economic entities is not required. [\(July 22, 2015\)](#)

This person is the ultimate consumer Note that fits your need goods and services purchased for personal use and not use it to supply goods and services to others. [\(July 22, 2015\)](#)

**Note (2)** The tax payers of this Article shall fund sales system (fund desk) and use the same equipment. The equivalent costs for purchase, installation and commissioning of the above equipment, including

hardware and software oriented, realizing certain tax shall be deductible in the first year or years later. [\(July 22, 2015\)](#)

Taxation Affairs Organization is bound to gradually and on a priority basis, persons subject to this clause to determine whether and to August each year through inclusion in one of the newspapers and the Official Gazette announced the beginning of April after exert. [\(July 22, 2015\)](#)

Equal to ten percent (10%) of the tax declared by the tax yield, which taxpayers are required to use the system of fund sales and similar equipment are subject to compliance with applicable laws, for the first two years will be forgiven. Non-execution of this penalty clause would belong to the two percent (2%) is for sale. [\(July 22, 2015\)](#)

How to use the Fund and how to present that information to the executive regulations within six months from the date of entry into force of this law by INTA and cooperation with the Ministry of Industry, Mine and Trade Chamber of Commerce and is prepared and approved by the Council of Ministers arrives. [\(July 22, 2015\)](#)

Note (3) The administrative arrangements for the provisions of this Article and clause (1), and determining instances of transactions subject to the threshold (the minimum flow rate taxpayers) will be in accordance with the regulations within six months from the date of enactment of this Act by proposing organization tax is approved by the Minister of Economy and Finance. [\(July 22, 2015\)](#)

Note (4) How to handle the claim, dispute resolution and payment arrangements and receipt of the said crimes in accordance with the provisions of the tax period under the provisions of this law in accordance with the deadline stipulated in Article 157 is carried out. [\(July 22, 2015\)](#)

Note (5) the Ministry of Industry, Mine and Trade shall, for a period of six months after the entry into force of this law system of trade ministries and executive agencies set up to manage to do all the tenders and auctions and on-line access online Organization provide tax [\(July 22, 2015\)](#)

All the executive agencies referred to in paragraph (b) of Article (1) of the Act of 11.3.1383 tenders shall within three months after the launch of the system above all their transactions except for confidential transactions through the system to register. [\(July 22, 2015\)](#)

To determine whether the confidentiality of transactions in accordance with clause (1) (b) of Article (3) of the Health Promotion Office system and fighting corruption is the Expediency Council approved 08/07/1390 [\(July 22, 2015\)](#)

Note (6) crimes that leads to due to lack of implementation of the provisions of article (169 repeatedly) direct tax law enacted in 1380 have committed, calculated in accordance with the provisions of this article, the demand and receipt. [\(July 22, 2015\)](#)

**Article 169(bis)** To the transparency of economic activities and the establishment of tax information integration, database, identity, performance and asset taxpayer includes items such as financial, monetary and credit, trade, investment and property caused by natural and legal persons in the INTA Ministries, public institutions, municipalities, state and municipal institutions, non-governmental organizations and public institutions, institutions of the Islamic Revolution, banks and financial institutions, the Organization for Registration of Deeds and Properties and other legal entities, both governmental and non-governmental information needed above the base, or as to earn money and provide funds to individuals, the following packages are required to provide information as their INTA. [\(July 22, 2015\)](#)

(A) identifying information: [\(July 22, 2015\)](#)

**Information on the identity and location of persons and entities**

**Business licenses and permits related to commercial transactions and contracts**

**(B) All transactions of persons:** [\(July 22, 2015\)](#)

**1-Trading (buying and selling assets, goods and services)**

**2-foreign trade (imports and exports of goods and services)**

**3- Contracts related to transactions and business activities**

**4- Contracts relating to the operations of any service contract**

**5- Information on buying and selling currencies and gold coins and gold coins Information on buying and selling currencies**

**6- All types of insurance policies issued and paid damages**

**7-Declarations and statements freight and passengers**

**(C) financial, monetary, credit and investment entities** [\(July 22, 2015\)](#):

**1-Total annual turnover (fiscal period) the transfer of shares and other securities**

**2- Total turnover and annual balance (period) of bank accounts**

**3- Total turnover and annual balance (fiscal period) types of deposits and profit**

**4-General banking facilities of foreign exchange in the form of all contracts and all obligations, including opening letters of credit and discounting letters of credit, guarantees, etc.**

**(D) All assets, property and transport them** [\(July 22, 2015\)](#)

**(E) other business activities with the Ministry of Economic Affairs and Finance and the Council of Ministers will be added to the above.** [\(July 22, 2015\)](#)

**Note (1) All persons and entities who somehow related to property operations, maintenance, transportation, insurance services and trading assets are under an obligation to ensure that the National Tax Administration provides information on its offer.** [\(July 22, 2015\)](#)

**Infringement of the judgment this provision in addition to taxpayers' tax liability partnership, which will be subject to a fine equivalent to double the tax will be paid** [\(July 22, 2015\)](#)

**Note (2) INTA is required to access online (online) Central Bank of the Islamic Republic of Iran Central Insurance, Islamic Republic of Iran Customs Administration, the Stock Exchange, the Registry of Deeds and Properties, as well as other executive agencies to the list of tax debtors to provide these users to be able to maintain classification data to provide services to people in terms of their tax debt** [\(July 22, 2015\)](#)

**Note (3) Violation of the ruling party In addition to conviction to the punishment provided in this Act, shall be liable to compensate for losses and damages to the state.** [\(July 22, 2015\)](#)

**Note (4) The executive agencies that by law require this information, authorized by the Council of Ministers and maintain the classification, the information contained in the database, use this article as needed.** [\(July 22, 2015\)](#)

**Note (5) The arrangements for the implementation of the provisions of this article and how to access online, threshold (the minimum amount of information), receive and send information and deadlines**

to maintain the confidentiality of the persons mentioned in accordance with the regulations within six months from the date of approval this law by offering INTA and the participation of the Central Bank of the Islamic Republic of Iran is prepared and approved by the Minister of Economy and Finance and Justice [\(July 22, 2015\)](#)

**Note (6)** The Organization for Registration of Deeds and Properties is obliged database of company registration and information system design it in a way which will INTA online access to the system shall be provided. [\(July 22, 2015\)](#)

**Note (7)** The Ministry of Roads and Urban Development shall, six months after the adoption of the law "national system of land and housing in the country" will be created. The system should be designed so that at any time can be identified online, residents or owners and users of residential units, commercial, administrative and follow-up services and the transfer of real estate to the official, ordinary, law and so on in all parts of the country makes. Ministry of Urban Development is required to access online to create a regulation system for INTA. [\(July 22, 2015\)](#)

**Article 170** The authority for examination of any kind of disputes arising between the Tax Affairs Office and taxpayers with regard to the assessment of taxes subject to this Act, will be the Board of Settlement of Tax Disputes, except in cases where other examination authorities are determined under the provisions of other Articles of this Act.

**Article 171** Employees of the Ministry of Economic Affairs and Finance and those of the Iranian National Tax Administration may not apply as the attorney or representative of taxpayers during their term of office or in the period they have status of readiness for office.

**Article 172** The following payments shall be deductible from the taxable income of the turnover of the year of payment and in connection with any source to be selected by the taxpayer: 100% of the funds remitted ex gratia to the accounts determined by the government for the purpose of reconstruction, aid and the like, and gratuitous payments, allocations and non-cash donations of persons, whether real or legal, for repair, mobilization, construction or completion of schools, universities, centers of higher education, health and therapy centers, training camps, sanatoriums, welfare centers, libraries and government cultural and art centers, in conformity with the criteria to be determined by the ministries of Science, Research and Education, Health and Medical Education, and Economic Affairs and Finance.

**Article 173** This Act shall become enforceable as of March 21, 1989 (*Farvardin 1, 1368*), and its provisions shall apply to all taxes and income taxes, in respect of which the reason of applicability of the tax or earning of the relevant income, as the case may be, is realized after the date of entry into force of this Act. It shall also apply to the income tax of real and legal persons related to the fiscal year ending at the first year of enforcement of this Act. All the other inconsistent laws and regulations shall be null and void in respect of those cases.

**Note-** By the enforcement of this Act, the collection of evacuation duty referred to in Article 8 of the Law of 1974 (1352) concerning the Moderation and Stabilization of Rentals shall be cancelled.

**Article 174** The taxes on the income earned before March 21, 1989 (the year 1368) and after March 20, 1967 (the year 1345), as well as other direct taxes applied as a result of events occurred within the same interval, shall be considered as the outstanding taxes. In such cases, the assessment and determination of taxable income, tax rates, taxpayers' duties and the statute of limitation shall be subject to the legal rules applicable at the time when the income was earned, and the examination and settlement procedures shall be governed by this Act.

Note (1) If the date of deriving of the income or occurrence of the reason of application of the tax, as the case may be, was prior to March 21, 1967 (the year *1346*), but the relevant tax remained unpaid up to the date of approval of this Act, then the tax in question will not be claimable any more.

Note (2) In case of a transfer subject to Article 180 of the Direct Taxes Act of March 1967 (*Esfand 1345*) and its later amendments that has taken place prior to the enforcement date of this Act, but the transferor passes away after the latter date, the transferred property shall be added to the shares of inheritance attributable to the respective heirs and the tax thereon, after deduction of the sums paid previously as the shares of inheritance, shall be collected according to the relevant provisions of this Act.

**Article 175** All pecuniary amounts of this Act will be adjustable, once per two years, in harmony with the rate of inflation and by virtue of the proposal of the Ministry of Economic Affairs and Finance and approval of the Council of Ministers.

**Article 176** The Iranian National Tax Administration may collect taxes subject to this Act, whether final or assessed, through cancellation of stamps. The regulations for carrying out of this Article shall be prepared and implemented by the Iranian National Tax Administration after being approved by the Minister of Economic Affairs and Finance.

## **Chapter five - Taxpayers' Duties**

**Article 177** Taxpayers may submit, separately and against receipts, the tax returns subject to this Act, which they are required to file in each case, to the Tax Affairs Office, which is local to their place of dwelling. In such cases, the Tax Affairs Office shall record the event in the taxpayer's file, and shall dispatch, within three days, the submitted tax return to the respective Tax Affairs Office for taking necessary measures. Submission of tax return to the Tax Affairs Office of the place of dwelling shall have the same effects as the one filed with the relevant Tax Affairs Office. The rule of this Article shall also apply in cases where the taxpayer files, by mistake, his tax return with another Tax Affairs Office within the respective city.

Note (1) Where the last day of the deadline or time limit for submission of the tax return or other papers, which the taxpayer should file according to the provisions of this Act, corresponds to official or public holiday(s), the first day following such holiday(s), as the case may be, shall be considered as a part of the respective deadline or time limit for submission of the tax return or other papers.

Note (2) Submission of tax returns and payment of taxes of the taxpayers residing abroad and of the enterprises and companies whose head office is located abroad, shall be effected by their representatives, should they have any representatives in Iran.

Note (3) The businesses proprietors are required to declare in writing the commencement of their activity, within four months from the date of starting the business, to the local Tax Affairs Office. The failure to comply with that duty on time will be subject to a fine equal to 10% of the final tax. It would also result in deprivation from all tax facilities and exemptions as from **to identify the date** they are identified by the Tax Affairs Office. This rule shall not apply to the business proprietors for whose activity a license or permit is issued by relevant authorities. [\(July 22, 2015\)](#)

**Article 178** In cases where the tax return or other papers, which the taxpayer is required by the regulations to submit, are received through the post office, the date of delivery of the same to the post office, in case of being ascertained, shall be considered as the date of filing with the respective authorities.

**Article 179** A taxpayer with several dwelling places, is required to introduce one of such places as his principal domicile, otherwise, the Tax Affairs Office may consider each of the taxpayer's dwellings as his principal domicile.

**Article 180** Every Iranian individual who may prove, by providing a certificate from the financial or diplomatic missions of the Islamic Republic of Iran in other countries, that he has paid, as resident, taxes on his income of a tax year in a foreign country, shall be considered, for tax purposes, to be resident abroad in the relevant year, except for cases of:

- a) Having an occupation in Iran in the same year;
- b) Living in Iran at least for six consecutive or interrupted months in the same tax year; or
- c) Staying abroad for mission, medical treatment and the like.

**Note** If the Iranian real or legal persons who reside in Iran but derive income from abroad and pay taxes thereon to the local state of the place of earning, would declare such income in their tax return or balance sheet, as well as profit and loss account, as the case may be, in conformity with the provisions of this Act, then the taxes paid by them outside the country or a part of the tax that may be attributed, in proportion to their total taxable income, to the income derived abroad, whichever be lesser, shall be deductible from their income tax.

**Article 181** To control offices, payers, both manual and automated documents with the aim of monitoring the implementation of tax laws and regulations, the same as the tax inspection unit will be created at the INTA. These terms of reference of the President of the National Tax Administration or persons authorized by him, the inspection bodies shall be sent to the competent authority authorized by law to subscribe to the prosecutor or court forms, legal residence, the active taxpayer and location of the offices, equipment ranging from manual and automated documents and taking care of all books, documents, financial records, and inspected by Taxpayer or, if necessary, with a receipt for them to transmit the relevant tax administration [\(July 22, 2015\)](#)

Tax administration agencies concerned shall, within two weeks of the documents transmitted shall be returned to taxpayers. [\(July 22, 2015\)](#)

**Note (1)** inspection offices, documents and financial records mentioned in this article include all offices, documents and financial records related to taxes and VAT is the subject of this law. [\(July 22, 2015\)](#)

**Note (2)** If the inspection bodies mentioned in this article offices, documents and records indicate conceal the truth about the import tax discovered, even through the administration of the tax law is concerned with. [\(July 22, 2015\)](#)

**Note (3)** The tax payers are obliged to provide the necessary cooperation with the bodies mentioned in this article and all the offices, documents and financial records and maintenance equipment ranging from manual and automated work instructions and a password to access them at the disposal of their bodies. Oriented, realizing the refusal if, in addition to including the punishment provided in this Law, the tax exemptions referred to various sources of income are excluded. [\(July 22, 2015\)](#)

**Note (4)** The executive regulations of this article is to offer state tax organization within three months from the date of entry into force of this law March 21, 2016 (01/01/1395) is jointly approved by the Minister of Economy and Finance and Justice. [\(July 22, 2015\)](#)

## Chapter six - Third Parties' Duties

**Article 182** Those obligated under this Act to pay other persons' taxes and every one undertaking or guaranteeing the payment of someone else's tax, as well as those becoming subject to a fine as a result of failure to comply with the duties provided in this Act, shall all be deemed as taxpayers and shall be treated, for the purpose of recovering their liabilities, according to the legal provisions related to the enforcement of tax collection.

**Article 183** In cases where the transfer of a real estate is effected through the Registration Department, the tax on the final transfer of the property should be paid in advance and the Registration Department shall transfer the property by registering the number of the tax clearance, issued from the competent Tax Affairs Office, on the deed of transfer.

**Article 184** Registration departments are required to send, at the end of each month, a full list of the companies and institutions registered during the same month together with the changes occurred with regard to the existing companies and institutions, as well as the names of real or legal persons whose statutory books of accounts have been registered and the quantity and numbers of registered books, to the Tax Affairs Office local to the residence of the relevant institutions.

**Article 185** In all cases where the transactions related to Chapter four of Title B and Chapters one and six of Title C of this Act take place by means of official deeds, the notaries public shall be required to submit a summary list of each month's transactions, till the end of the next month, to the relevant Tax Affairs Office, on the premises, against a receipt.

**Article 186** The issue, renewal or extension of validity of commercial cards and business or work permits of real or legal persons by the competent authorities shall depend on the presentation of a certificate from the respective Tax Affairs Office indicating the payment, or adoption of arrangements for the payment, of the finalized taxes. In case of failure of responsible officials to observe the said rule, they shall become jointly and severally liable for the payment of such taxes together with the relevant taxpayers.

**Note (1)** Grant of bank facilities to legal persons and proprietors of businesses by banks and other financial institutions shall be subject to presentation of the following certificates:

(1) A certificate indicating the payment, or adoption of arrangements for the payment, of the finalized tax liabilities; and

(2) A certificate from the relevant Tax Affairs Office indicating the receipt of a copy of financial statements presented to banks and other financial institutions.

The Iranian National Tax Administration and the Central Bank of Islamic Republic of Iran shall determine and notify the criteria for execution of this Note.

**Note (2)** The Iranian National Tax Administration is authorized to collect an amount equal to one thousandth of finalized taxable income of the owners of business income and remit it to a special account in the Treasury for the purpose of making payments, within the limits of the approved annual budgets, to the guild organizations and professional societies that would assist in tax assessment and collection. The payments made based on this Article shall be exempt from taxation and all contrary regulations.

**Note )3(** INTA is required, the names of directors of institutions and companies that tax debt, including direct taxes and VAT, as well as the names of each of the CEOs and board members of organizations due to the issuance of documents (bills) transactions based on unrealistic in the economic system,

including financial and tax affairs of final convictions have their profile, along with the companies Registration Office. [\(July 22, 2015\)](#)

Agency is required to register a company or institution registered in the name of the party and also a member of the board of directors of the company and other companies and organizations for tax debtors subject to the rule and obtaining tax acquittance of the INTA. [\(July 22, 2015\)](#)

In violation of export documentation (bill) is based on real transactions referred to in this article as well as the Companies Registration Office is obliged to register the company or institution name mentioned persons and also register their membership in the board of directors of company and for of companies and institutes three years is not [\(July 22, 2015\)](#).

Note )4( INTA is required to list the five years without activity are considered legal entities in the Register of Deeds and Properties announced. The National Tax Administration records must include the date on any changes to the entities subject to obtaining tax acquittance the INTA. [\(July 22, 2015\)](#)

**Article 187** In all cases where the transactions subject to Chapter four of Title B and Chapters one and six of Title C of this Act take place by means of official deeds, before registering the deed of transaction, rescission or its termination, the notaries public shall be required to declare such events, including the full description and specification, as well as details regarding the type and subject of the transaction to the Tax Affairs Office of the district where the real estate is located or the taxpayer domiciles, whichever be applicable. Then the notary public shall take measure for registration of the deed of transaction, the cancellation thereof by mutual consent or its termination, as the case may be, after obtaining a certificate for execution of the transaction, and shall record the number of certificate and title of the authority issuing the same on the deed of transaction.

The Certificate for Execution of Transaction shall be issued within a maximum period of 10 days from the date of notary public's announcement and collection from the respective taxpayer all tax dues related to the property under the transaction, such as the tax on rental income of real estates, and collection of goodwill tax, business tax related to the premises of the property subject to the transaction, tax on incidental income or the tax on final transfer of real estates, whichever be applicable.

**Note (1)** With regard to the dispute concerning the amount of the assessed tax, the case shall be examined, out of tum, by the authorities provided under this Act for settlement of tax disputes. Should the taxpayer desire to obtain the Certificate for Execution of Transaction before the case is examined and a judgment is rendered by the dispute settlement authorities, the Certificate will be issued after collection of the tax acceptable to the taxpayer and receiving a deposit or valid guarantee, such as promissory note, insurance policy, securities, real security and the like, equal to the disputed sum.

**Note (2)** In cases where a sum of money related to goodwill is deposited, in pursuance to a court's decision, with the Justice Administration Fund, or similar depositories, the respective officials shall be required, upon payment to the beneficiary, to deduct the applicable tax therefrom, by inquiring from the relevant Tax Affairs Office, and to remit the same to the account of the Iranian National Tax Administration.

**Note )3(** offices in each of the official documents of the legal documents (Invoice) of movable and immovable property and financial law procedures, required a copy of regulatory documents within one month send to INTA. Mstnkf of the judgment this provision, in addition to fines and penalties provided for in Article 200 of the Act, is responsible for losses and damages to the state [\(July 22, 2015\)](#)

**Note )4(** INTA shall within the period of one year from the date of entry into force of this law March 21, 2016 (01/01/1395) by connecting to the electronic registration system of property registration and transfer of property to the amount of debt and the possibility of obtaining funding the tax on real time

through the offices of the official documents. Registration of Deeds and Properties Organization is required to access the on-line system of electronic registration of documents and properties to provide National Tax Administration to implement the provisions of this article. [\(July 22, 2015\)](#)

After the implementation of the provisions of this Article to register the transfer of movable and immovable property under the law to which the tax is paid before the transfer of certain tax liabilities is prohibited. Delinquent in tax payments is accrued liability partnership. [\(July 22, 2015\)](#)

If INTA Once connected to an electronic record system Registry of Deeds and Properties, INTA property tax debt deal does not pass through the system with layers and a notary public shall be liable for property tax debt deal will have responsibility [\(July 22, 2015\)](#)

Law of this Article shall be prepared in cooperation with organizations and within six months from the date of entry into force of this Act March 21, 2016 (01/01/1395) is approved by the Head of the Judiciary [\(July 22, 2015\)](#)

**Article 188** Those in charge of sale and cancellation of duty stamps are required to affix and cancel on each letter of attorney the necessary stamps according to the provisions of this Act, and to record and certify such amounts in a special book that should be kept by lawyers for recording the amount of stamps used by them. The said book must be presented to the Tax Affairs Office at the time of examination of the attorneys' tax accounts. Otherwise, the failure to do so shall be considered a reason for rejection of their books for tax purposes.

## Chapter seven - Tax Incentives and Fines

**Article 189** If the balance sheet, profit and loss account, statutory books of account and documents of legal persons, and those of the real persons subject to paragraphs "A" and "B" of Article 95 hereof, are accepted during three consecutive years and their tax liability for each year is paid in the year of filing of the tax return without applying to the Board of Settlement of Tax Disputes, then a sum equal to 5% of the principal amount of their taxes for the said three years shall be paid to them out of the current collected funds, or will be credited to their tax account of subsequent years, as a reward for being an upright pay. This reward shall be granted to such taxpayers in addition to the benefits provided under Article 190 of this Act and it shall be exempt from taxation.

**Article 190** On account payment of the tax applicable to the turnover of each fiscal year before the deadline set forth in this Act, will result in accrual of a reward equal to one percent(1%) of the prepaid amount per each month till the prescribed deadline. The reward will be deducted from the tax applicable to the same turnover. Any taxes paid after the time limit shall result in the imposition of a fine equal to two & a half(2.5%) of the relevant tax per each month.

For the taxpayers who are required to file a tax return, the starting point for computation of the fine with respect to the amount of the tax mentioned in the tax return, shall be the expiry date of the deadline for submission of the tax return. As regards the disputed balance, the said starting point shall be the date of claiming the balance. In respect of the taxpayers refraining from filing tax return, as well as those not being required to file a tax return, the starting point in question shall be either the expiry date of the time limit for submission of the tax return or the deadline for payment of the tax, whichever be applicable.

Note (1) If the taxpayers take measure for complying with their duties in respect of timely submission of tax return or balance sheet, and profit and loss account, as well as payment of the tax according to the tax return or balance sheet and profit and loss account, or arrange for the payment thereof, and if they would act on time for presentation of their books of account, records and documents in relevant cases, then they shall be exempt, in cases referred to in Article 239 of this Act, from eighty percent(80%) of the

finances set forth in this Act, provided that they would accept the assessment notice or agree with the Tax Affairs Office and pay the applicable tax or adopt arrangements for its payment. Such taxpayers shall also be exempt from forty percent(40%) of the applicable fines prescribed herein in case of paying, or arranging for the payment of, the tax within one month from the date of service of the final tax notice.

Note (2) Should the interval between the filing of the taxpayer's objection to tax assessment notice and the date of finalization of the tax would exceed a year, then the monthly fine of two & a half(2.5%) set forth in this Article shall not be claimable in respect of the period between the end of the said one year and the date of service of the final tax notice. The Iranian National Tax Administration is required to take measure so that the examination and finalization of the taxpayers' taxes would take place up to one year from the date of submission of their protest at maximum.

**Article 191** Upon the request of the taxpayer and agreement of the Iranian National Tax Administration, the fines provided under this Act may be spared, totally or partially. The Organization will take into account the evidence produced by the taxpayer to the effect that the noncompliance with the stipulated duties was due to reasons beyond his control. Due regard shall also be paid to tax records of the taxpayer and his conduct as an upright pay according to the judgment of the Iranian National Tax Administration.

**Article 192** In all cases where the taxpayer or representative that under the provisions of this law from the payment of tax is required to lodge tax returns with respect to the surrender if it does not act in a timely manner, subject to the penalty of non-forgiveness thirty percent (30%) of interest to individuals tax this law and the legal and business owners ten percent(10%) belongs to other oriented, realizing tax This provision of the concealed income or expenses in the submission of false statements as well. [\(July 22, 2015\)](#)

Note - INTA is required tasks and timing taxpayer on how to set the time to submit tax returns through the national media, newspapers and other mass media to inform the public. [\(July 22, 2015\)](#)

**Article 193** To taxpayers in accordance with the law and regulations related to the legal offices are obliged to maintain in the absence of Tessa of the balance sheet and profit and loss account or the fact that offices might be subject to a fine equivalent to twenty percent (20%), taxes for each the cases will be mentioned. [\(July 22, 2015\)](#)

Note - Failure to submit the statement and the balance sheet and profit and loss account for the period of non-use exemption under the exemption provided for in the will. [\(July 22, 2015\)](#)

**Article 194** The taxpayers whose tax returns are examined based on the provisions of Article 158 of this Act, and their taxable income so assessed and finalized, reveals a difference more than fifteen percent(15%) in comparison with the figure declared by them, shall be deprived from every kind of facilities and cases of sparing provided under the Taxes Act, up to three years from the date of notification of the final assessed tax. Apart from that, the stipulated fines shall also be imposed, without being spared.

**Article 195** The fine applicable to the latest directors of legal persons for the failure to submit the tax return mentioned in Article 114 of this Act within the prescribed time limit, or for submission of a false tax return, shall respectively be two percent(2%) and one percent(1%) of the paid up capital of the legal person at the date of liquidation.

**Article 196** The offence of the liquidator(s) in connection with the distribution of the legal person's assets prior to the settlement of its tax dues, or before giving the security of Article 118 of this Act, shall

be subject to a fine equal to twenty percent(20%) of the applicable tax, which shall be collected from the liquidator(s ).

**Article 197** As for the persons who are required under the provisions of this Act to submit statements, lists, contracts or specifications related to taxpayers, but fail to do so within the prescribed time limit, or submit false documents, the applicable fines shall be two percent(2%) of the paid salary in respect of salaries, and one percent(1%) of a contract's total price, in case of contracts. In all cases, they shall become, together with taxpayers, jointly and severally liable for indemnification of the revenue losses of the government.

**Article 198** The dissolved companies, bailiff and the other co-director of legal entities, non-governmental legal entities collectively or individually, to pay tax on the income of legal persons and legal entities as well as taxes under the law and is obliged to deduct VAT or receipt or delivery of which are under management and is secured by a legal person will be responsible for the partnership. It is the responsibility of the legal person is prevented from attending sponsor. [\(July 22, 2015\)](#)

**Article 199** Any natural or legal person under the provisions of this law shall be required taxpayers to deduct and delivery of other tasks in case of violation of regulation plus Partnership will be the responsibility of the taxpayer to pay tax, would be subject to a penalty equal to ten percent (10%) do not pay taxes on time and two and a half percent (2.5%) per month over the length of the delay of tax maturity ,If the tax paid by the recipient of the funds, then the penalty two and a half percent (2.5%) of this Article to the date of payment of tax by the taxpayer shall be deducted from the religiously accountable to and delivery of taxes, charges will be collected. [\(July 22, 2015\)](#)

**Article 200** In each case in accordance with the provisions of this Act, duty or function has been assigned to the notary in case of violation, in addition to joint and several liability of the notary or taxpayer in the tax or taxes, it will also be subject to a fine equivalent to 20% and in the penalty of imprisonment of six repetitions with relevant regulations will be condemned. [\(July 22, 2015\)](#)

**Article 201** If the taxpayer cites, knowingly and aimed at tax evasion, a balance sheet and profit and loss account, or books of accounts, records and documents that constitute the basis of tax assessment, but are prepared and arranged in a false manner, or if refrains from submission of tax return, balance sheet and profit and loss account for three consecutive years, such a taxpayer shall be deprived from all legal facilities and relieves in respect of that period, beside the imposition of fines and punishments set forth in this Act.

Note President of the Iranian National Tax Administration shall initiate the prosecution of committing taxpayers and proceedings against them before the judicial authorities.

**Article 202** The Ministry of Economic Affairs and Finance or the Iranian National Tax Administration may prevent the exit from the country of the tax debtors, Legal entities licensed for production use from the relevant regulatory authorities of twenty percent (20%) of registered capital or the amount of five billion (5.000.000.000) rials, other legal entities and natural persons manufacturing of ten percent (10% ) registered capital, or two billion (2,000,000,000) rial and other individuals of one hundred million (100.000.000) about people going rials this provision must approve the request and sending authorities not possible to pay the tax debt, obtaining necessary guarantees is not current. [\(July 22, 2015\)](#)

Note - If the tax payers to tax evasion to transfer their property to their spouse or children INTA able to cancel these documents through court action. [\(July 22, 2015\)](#)

## Chapter eight - Serving of Process

**Article 203** Tax papers shall be generally served on the taxpayer in person and a receipt taken on the second copy. Should the taxpayer be not available, the tax papers shall be served on a relative or employee of the taxpayer at the place of abode or work of the same, provided that in view of the serving officer, the age of such persons would appear to be enough to recognize the significance of the papers, and there would be no conflict of interest between the taxpayer and the person receiving the process.

**Note (1)** If the taxpayer or taxpayer's relatives or employees, in case of absence of the taxpayer, refuse to accept the process, and when none of such persons is available at the relevant place, the serving officer shall record their refusal from accepting the process, or their absence at the place, on both copies of the tax notice, and shall post the first copy at the door of the place of residence or work of the taxpayer. The tax papers served in such manner shall be considered legal and the date of their posting shall be deemed as the date of serving on the taxpayer.

**Note (2)** The Iranian National Tax Administration may use the registered mail services for the serving of tax papers. The mail carrier shall serve the copies of tax papers on the taxpayer in person or on a relative or employee of the taxpayer at the relevant place, and shall get a receipt on the second copy. If the taxpayer or the said persons refuse to accept the process, the mail carrier shall take a note of that on the copies of the process, and shall post the second copy at the relevant address and return the first copy to the Tax Office. When none of such persons is available at the place, the mail carrier shall record the date of calling at the place and the phrase: "We shall revisit the place after 15 days from this date" on the copies of the notice, and shall post the second copy at the specified address, and return the first copy. Should the said persons be absent at the second visit, the mail carrier shall record the fact at the foot of the copies of the tax notice, and shall post the second copy at the relevant address, and give back the first copy to the Tax Affairs Office.<sup>1</sup> The tax papers served as such shall be deemed as served at the date of posting.

**Article 204** The serving officer shall specify the following points in the first and second copies of the tax notice and sign it:

- (a) Place and date of service specifying day, month and year, in letters and figures;
- (b) Name of the person upon whom the papers are served, stating his relationship with the taxpayer; and
- (c) Names, specifications and full addresses of witnesses, in cases referred to in the Note to the Article 203 of this Act.

**Article 205** Where the taxpayer is a government department or an institution affiliated with the government, the tax notices shall be served on the director, deputy director or the head of the secretariat of such department or institution.

**Article 206** If the taxpayer is a commercial company or any other legal persons, the tax papers shall be served on the director or another person having right to sign for the company.

**Note** The provisions of Article 203 of this Act and its Note shall apply to commercial companies and other legal persons as well.

**Article 207** In cases where the taxpayer designates an address as his place of work or abode, or as a place where the tax notices are to be served, as well as in other cases, where the tax papers are served at, a certain address assumed to be the place of work or residence of the taxpayer and some evidence or proof can be found in the relevant file, indicating that the taxpayer was aware of this fact without

objecting to the latter address, the serving of tax papers to such addresses shall be legal and correct, as long as another address is not declared by the taxpayer as his place of work or residence.

**Article 208** Should the taxpayer's address be not available, the tax notice shall be published once in a mass circulation paper within the jurisdiction of the local Tax Affairs Office. If there is no paper in the said area, the publication shall be made in a mass circulation paper of another area nearest to the jurisdiction of the relevant Tax Affairs Office, or in a mass circulation paper of the capital. Such publication shall be deemed as serving on the taxpayer.

**Note (1)** In addition to the related matters, the place of serving, the time limit set forth and legal duty of the taxpayer shall be mentioned in the text of the served tax papers.

**Note (2)** With regard to the taxpayers of real estates, whose addresses are not known, as envisaged under Article 207 of this Article, the tax notice shall be served at the premises of the real estate, the tax of which is claimed, in conformity with the procedure specified in the Note to Article 203 of this Act.

**Article 209** Except for instances set forth under this Act, the provisions of the Civil Procedure Law about the serving of process shall apply with regard to the serving of tax papers.

## **Chapter nine - Collection of Tax**

**Article 210** In case the taxpayer fails to pay his finalized tax within 10 days from the notification of the final notice, the Tax Affairs Office shall notify him by a writ of execution to pay, or arrange for the payment of, all his tax dues to the said Office within one month from the date of notification.

**Note (1)** The type and amount of the tax, documents related to the final assessment of the liability, the relevant tax year, the amounts already paid and the applicable fine shall be specified in the writ of execution.

**Note (2)** That part of the tax that is accepted by the taxpayer and stated in the submitted tax return or balance sheet shall be considered as a final tax and will be collectible through the execution procedure.

**Article 211** If the taxpayer fails, after notification of the writ of execution, to pay the total amount of the tax claimed, or to arrange with the Tax Affairs Office for the payment thereof, within the prescribed time limit, his movable and immovable properties and receivables shall be seized up to the liability of the taxpayer, including the principal tax and applicable fines, plus 10% of the liability. The writ of seizure and the order for the implementation thereof shall be issued by the execution section of the Tax Affairs Office.

**Article 212** The seizure of the following properties is prohibited:

- (1) Two-thirds of the salary of salary receivers and three-fourths of retirement pension and survivors' pensions.
- (2) Clothing, articles and objects needed for urgent requirements of the taxpayer and the taxpayer's dependants, as well as the available provisions and alimony of the persons entitled to receive the same from the taxpayer;
- (3) Agricultural and Industrial equipment and tools and business facilities necessary for securing minimum needs of living for the taxpayer; and
- (4) Place of habitation to a normal extent.

**Note (1)** If the value of the property opted for seizure exceeds the taxpayer's liability and it cannot be divided, the property shall entirely be seized, sold and the balance shall be refunded, unless the taxpayer presents another unclaimed property equivalent to the said liability.

**Note (2)** In case the taxpayer is one of the spouses living in the same house, those items of furniture that are habitually used by women shall be considered to belong to the wife and the rest to the husband, unless the opposite is found out.

**Note (3)** The seizure of producing units, whether agricultural or industrial, must not result in stoppage of such units in the course of execution operations.

**Article 213** The appraiser of Tax Affairs Office shall make the valuation of seized properties. However, the taxpayer may request that the properties be valued by an official appraiser, in which case, the taxpayer should deposit the appraisal fee according to the regulations related to the fees of official experts of the Justice Administration.

**Article 214** The officer in charge of execution proceedings in the respective Tax Affairs Office shall undertake all necessary measures in connection with the advertising of auctions, tenders and sale of seized properties, whether movable or immovable. As for the sale of immovable properties, if the prescribed formalities are brought about and a purchaser is determined, but the owner refrains from turning up for signing the transfer deed, the execution officer of the Tax Affairs Office shall apply, by virtue of relevant documents, to the local registration department for the transfer of the property to the purchaser and the said department shall comply with this application.

**Article 215** As regards the seized immovable properties, if no purchaser turns up after publication of two notices (the second of which should be published without determining a minimum price), the Iranian National Tax Administration may transfer to itself, based on the valuation to be made by an official expert of the Justice Administration, a part of the seized property equivalent to the total liability of the taxpayer, plus the applicable charges, and offset the value thereof against the taxpayer's dues.

**Note (1)** If before the property is transferred to the Iranian National Tax Administration or other parties, the taxpayer volunteers to pay the taxpayer's dues, the Iranian National Tax Administration shall lift the seizure of the said real estate after receiving the taxpayer's dues plus ten percent(10%) thereof and applicable charges.

**Note (2)** If the property is transferred to the Iranian National Tax Administration and the Administration is prepared to sell it, then the willing taxpayer, shall have priority in purchasing thereof, all conditions being equal.

**Article 216** The authority for examination of the complaints arising out of the execution measures taken in connection with the claims of the government against other persons, whether real or legal, which claims are callable and collectible based on the tax execution regulations, shall be the Board of Settlement of Tax Disputes. Such complaints shall be examined and relevant decisions shall be taken immediately and out of turn, and the judgments rendered shall be final and enforceable.

**Note (1)** As for direct taxes, if the complaint is to the effect that the execution procedure for collection of the tax has been effected before finalization of the tax, and the Board of Settlement of Tax Disputes finds the complaint justified, it shall - in addition to annulling the execution notice - issue a writ for examination of the case and for taking necessary measures, or it shall examine and render a judgment on the taxable income of the taxpayer, whichever be applicable. The decision of the Board shall be final.

Note (2) In respect of indirect taxes, where the executive complaint is to the effect that the claiming of tax is not lawful, the authority for examination of this complaint shall also be the Board of Settlement of Tax Disputes and its decision shall be final and enforceable.

This Note shall not apply to the fines related to the smuggling of goods constituting sources of the government's revenue, or to the price of the smuggled goods that are vanished, nor shall it apply to that category of indirect taxes that are to be settled, according to relevant special regulations, by specific authorities.

**Article 217** The Ministry of Economic Affairs and Finance is authorized to remit one percent of taxes and fines collected under this Act ( except for the Income Tax of State owned companies) to a special account held by the Treasury and spend it for the purpose of education and training of the personnel in taxation and auditing fields, and for encouraging the employees and other persons who have exerted, or will exert, effective endeavors for collection of taxes. The funds paid as collection bonus under this Article shall be exempt from taxation and from all contrary regulations.

The Ministry of Economic Affairs and Finance shall submit, every six months, a report on the volume of taxes collected and its distribution between different layers and levels of income to the Economic Committee' of the Islamic Consultative Assembly.

**Article 218** The bylaw related to the section in charge of tax collection shall be approved by the Ministries of Economic Affairs and Finance, and Justice, and shall be enforced by the Ministry of Economic Affairs and Finance.

## **TITLE E - TAX ASSESSMENT ORGANIZATION AND TAX FORA**

### **Chapter one - Tax Assessment Authorities and their Duties and Powers**

**Article 219** The identification and assessment of taxable income and claiming and collection of taxes subject to this Act shall be the responsibility of the Iranian National Tax Administration that has been established by virtue of Paragraph "a" of Article 59 of the Law of the Third Economic, Social and Cultural Development Plan of the Islamic Republic of Iran. The manner of discharging the duties, as well as using the competence and powers, vested with each of the tax officers and Tax Affairs Office, and the procedure of execution of the rules of this Act, will be specified in the bylaw to be proposed by the Iranian National Tax Administration and approved by the Minister of Economic Affairs and Finance within six months after the approval of this Act.

**Note )1( INTA with the master plan of tax and the use of ICT and mechanical methods, arrangements and administrative procedures appropriate to include such registration statement presentation, taxation, investigation, charge and collect taxes , registered taxpayers protests, delivered tax returns and determine tax offices competent to determine and announce the foregoing. The provisions include legal deadlines stipulated judgment about the submitted declaration, filed protests, delivered tax returns and pay tax. [\(July 22, 2015\)](#)**

**Note )2( The National Tax Administration is authorized to facilitate the conduct of tax, part of its activities with the exception of diagnosis and determine the tax base, tax procedure and tax collection operations transferred to the private sector. How to transfer and carry out tasks according to executive regulations made by the National Tax Administration and within six months from the date of entry into force of this law March 21, 2016 (01/01/1395) Minister of Economic Affairs and Finance is approved. [\(July 22, 2015\)](#)**

**Note (3) in clause (9) of Article 53, Article 86, Article 88, Clause 2 of Article 103, Clause (5) Article 109, Article 126 and Clause (2) Article 143 of the words "by the end of next month" is replaced by the phrase "within ten days", "within thirty days" and "ending within thirty days".** [July 22, 2015](#)

**Article 220** The following phraseological amendments should take place in this Act:

1. The phrase "Iranian National Tax Administration" should substitute for the "Ministry of Economic Affairs and Finance" in the cases mentioned below:

Articles 26, 29, 39, 40, 41, 57, 80, 114, and 154 and Note 2 thereof, Articles 158, 159 and its Note, Articles 160, 163, 164, 166, 169, 176, the Note of Article 186, and Article 191, Note 2 of Article 203, Article 215 and Notes 1 and 2 thereof and the Note of Article 230.

2. In the following cases, the phrase "Tax Affairs Office" should substitute for the phrases "assessment official", "assessment officials", "tax assessor", "chief assessor", "Tax District", "Tax Assessment Office", "Assessment Office", "Assessment Office of the Tax District" and "Department of Economic Affairs and Finance":

Articles 26, 27, 29, 31, 34, 35 and Notes 2 and 3 of Article 38, Article 39 and its Note, Articles 72 and 80, Notes 1 and 2 of Article 80, Articles 87, 88 and 102, Note 5 of Article 109, Articles 113, 114, 117, and 126, Article 154 and Note 2 thereof, Articles 156, 161, 162, 164, 170, 179, 183, 184 and 185, Article 186 and its Note, Articles 188, 208, 210, 211, 213, 214, 227 and 229, Article 230 and its Note, Articles 232, 233 and 249.

### **Articles 221 through 225 Deleted.**

**Article 226** If the taxpayers who are required to file tax return, balance sheet and profit and loss account, fail to submit their tax return within the prescribed time limit, such failure shall not prevent the review of their balance sheet and profit and loss account, that are submitted before the deadline, within the time limit stipulated under Article 156 of this Act. Otherwise, the income mentioned under the balance sheet or profit and loss account shall become conclusive.

**Note** In case of occurrence of any kind of miscalculation in the tax return, balance sheet or profit and loss account submitted by a taxpayer, he shall be authorized, after producing necessary evidence to that effect, to adopt measures for removing the error and submitting the corrected tax return, balance sheet or profit and loss account, as the case may be, within one month from the expiry of the time limit set forth for filing of the tax return. The date of submission of the tax return at any event shall be deemed the date when the first tax return is filed.

**Article 227** If after the acceptance of the taxpayer's tax return, balance sheet and profit and loss account, as the case may be, or after the ex officio assessment of the tax and issuing assessment notice, it is proved that the taxpayer had certain activities, which he had hidden the income derived therefrom, or the Tax Affairs Office was not aware of it when issuing the assessment notice, then the applicable tax shall be determined by taking into calculation the income derived from such activities, and the balance of the tax shall be claimed by due regard being had to the deadline stipulated under Article 157 of this Act.

**Article 228** In cases where the tax return or balance sheet and profit and loss account of the taxpayer are rejected, or the said documents are not submitted within the legal time limit, the taxpayer's tax shall be assessed and claimed according to the provisions of this Act.

**Article 229** Tax Affairs Office may, for examination of the tax return or assessment of any income of the taxpayer, refer to all relevant books of accounts, records and documents and investigate them, and

the taxpayer is obligated to present and submit the same. Otherwise, such items shall not be citable in his favor with regard to the taxation of that year, unless it becomes evident, before the final assessment of his income, that they could not be produced in previous stages for the reasons beyond the taxpayer's control. The rule of this Article shall not prevent the forums of settlement of dispute from referring to the papers and documents produced by the taxpayer for assessing his actual income.

**Article 230** In cases where the documents and records indicating the earning of certain income are held by third parties, other than those referred to under Article 231 of this Act, such third parties shall be required to produce, when applied and asked by the Tax Affairs Office, the books of accounts, as well as the original or copy of relevant documents and any type of information pertinent to the taxpayer's income or specifications.

Otherwise, and if some losses are sustained by the government because of such third parties' failure, they shall be convicted to indemnification of the government's losses. The competent judicial authorities shall have jurisdiction to verify the third parties' failure and determine the losses sustained by the government. They shall examine the case out of turn when applied by the Office of the Tax Disciplinary Prosecutor.

**Note** In cases where the third parties refrain from producing documents and papers demanded by the Tax Affairs Office, the Iranian National Tax Administration may require them, through the Office of the Prosecutor General, to submit such papers and documents. The judicial prosecution of the case shall not prevent the Tax Affairs Office from taking measures.

**Article 231** Where the Tax Affairs Offices request, in writing, the ministries, government institutions, state companies, foundations of the Islamic Revolution, municipalities and other nongovernmental public foundations and institutions to produce necessary information and documents in respect of the taxpayer's activities and transactions, such organizations shall be required to put certified copies of related documents and any necessary information at their disposal, unless the official in charge of the matter, declares that such disclosure shall harm the interest of the country. In the latter case, the disclosure can be refrained from when agreed by the respective competent minister and confirmed by the Minister of Economic Affairs and Finance. Otherwise, the offence of the relevant official shall be examined by the competent judicial authority out of turn, when declared by the Office of the Tax Disciplinary Prosecutor, and he shall be convicted to an appropriate punishment as the case may require. As regards the cases where judicial authorities hold relevant information and documents and they consider the producing thereof to be unadvisable, the provision of such information shall depend on the agreement of the Prosecutor General.

**Note** In respect of banks and non-bank credit institutions, the Iranian National Tax Administration shall demand the documents and information concerning the taxpayer's income through the Minister of Economic Affairs and Finance, in which case the banks and non-bank credit institutions shall be required to act in accordance with the view of the Minister of Economic Affairs and Finance.

**Article 232** The Tax Affairs Office and other tax authorities must consider as confidential, the information they obtain in the course of reviewing the taxpayer's tax affairs, and should refrain from disclosing it, except before the respective authorities and to the extent that it is needed for assessment of taxes and income. In case of disclosure, they shall be treated in conformity with the Islamic Criminal Code.

**Article 233** If the Tax Affairs Office comes across, in the course of its investigations, tax offences subject to Article 201 of this Article that are committed by the taxpayers, it must report the case to the Tax Disciplinary Prosecutor for prosecution.

## **Article 234 Deleted.**

**Article 235** The Tax Affairs Office shall draw up, in case of taxpayers who have paid their final tax dues, a tax clearance and deliver it to the taxpayer within five days from the date of receiving the taxpayer's request to that effect.

## **Chapter two - Manner of Examination**

### **Article 236 Deleted.**

**Article 237** The tax assessment notice should be drawn on a correct basis and must be substantiated by sufficient evidence and information, in a manner to reflect manifestly all related activities and incomes derived therefrom, so that it is clear for the taxpayer. Those signing the assessment notice must record their full name and position in a readable manner thereon, and they shall be responsible for the contents of the assessment notice and for their own opinion in every respect. In case of inquiry by the taxpayer about the manner of assessment, the aforesaid persons shall be required to announce details of the report constituting the basis of tax assessment and have to furnish any explanations the taxpayer may request in this respect.

**Article 238** Where the tax assessment notice is issued and served on the taxpayer, he may, in case of being unsatisfied therewith, apply personally or through a plenipotentiary attorney to the Tax Affairs Office within thirty days from the date of service and request, in writing, for reexamination by providing evidence, documents and records. The relevant responsible officer shall review the case, after recording it in the respective register, within thirty days from the date of the taxpayer's application. In case of considering the supplied evidence, documents and records as sufficient for rejection of the assessment notice, the responsible officer shall reject it by recording the matter and signing it on the back of the assessment sheet. If the furnished evidence, documents and records justify, in the responsible officer's view, the adjustment of the income, and the taxpayer shares this view, the relevant responsible officer shall reflect the matter on the back of the assessment notice, which shall be signed by the officer and the taxpayer. However, if the supplied evidence and documents would not justify, in the view of the responsible officer, the rejection of the assessment notice or adjustment of the income, he shall reflect the matter, together with justification, on the back of the assessment notice, and shall refer the case to the Board of Settlement of Tax Disputes for examination.

**Article 239** If within thirty days from serving of the Assessment Notice, the taxpayer declares, in writing, his acceptance with regard to it, or pays the tax claimed based on the Assessment Notice, or adopts arrangements for the payment of the same, or settles his dispute with the Tax Affairs Office as described under the Article 238 of this Act, then the case shall be deemed as closed with regard to the amount of taxable income. Should no written objection is lodged by the taxpayer within thirty days, or if he would not apply to the relevant Tax Affairs Office within the time limit prescribed in the said Article, the income determined under the assessment notice shall become final.

**Note** In cases where the Assessment Notice is served according to the provisions of the Note to Article 203, and Article 208 of this Act, and no measures are taken by the taxpayer in accordance with the provisions of this Article, he shall be deemed as objecting to the Assessment Notice. In this case and when the taxpayer files a written protest with regard to the assessment notice within thirty days from notification thereof, the file of the case shall be referred to the Board of Settlement of Tax Disputes for examination.

**Article 240** When the case is tried before the Board of Settlement of Tax Dispute, the representative of the Tax Affairs Office must attend the session of the Board for producing sufficient evidence for justification of the contents of the assessment notice and for giving necessary explanations.

#### **Article 241 Deleted.**

**Article 242** In cases where extra taxes are collected as a result of miscalculation, and where a tax is refundable under the provisions of this Act, the Tax Affairs Office shall be required to pay the refundable amount, within one month, to the taxpayer out of the current collections.

**Note** The extra amounts received under any title from taxpayers in connection with the taxes set forth in this Act shall be subject to compensation at the rate of one & a half percent (1.5%) per month as from the date of receiving the same until the date of refunding. The aforementioned compensation shall be paid to the taxpayer out of the current collections. The rule of this Note shall also apply to extra tax payments, including withholding taxes and on account payments of taxes, which exceed the applicable taxes, provided that they are not refunded to taxpayers within three months from the date of receiving the taxpayer's request to that effect. The compensation shall apply as of the end of that period.

**Article 243** In case the taxpayer applies for the refund, but the Tax Affairs Office would consider it unjustified, the taxpayer may apply, within thirty days from the notification of the relevant Office's decision, to the Board of Settlement of Tax Disputes for reviewing the case. The decision of the Board of Settlement of Tax Disputes in such cases shall be conclusive and inappealable. If the decision of the Board is for the refund of extra tax, the relevant Office shall be required to carry out it in accordance with the last part of the Article 242 of this Act.

### **Chapter three - Forum for Settlement of Tax Disputes**

**Article 244** The authority for reviewing all tax disputes shall be the Board of Settlement of Tax Disputes, except in cases where other authorities are provided under this Act. Every Board of Settlement of Tax Disputes shall consist of three persons as follows:

- (1) One representative from the Iranian National Tax Administration;
- (2) One judge, whether active or retired. If qualified retired judges could not be found in centers of provinces and other cities, the head of the Judiciary will introduce an active judge as the member of the Board, when the Iranian National Tax Administration would request that; and
- (3) A representative from the Chamber of Commerce, Industries and Mines, Chamber of Cooperatives, Iranian Association of Certified Public Accountants, professional associations, guild organizations or Islamic city councils, whichever the taxpayer would choose. In cases, where the Assessment Notice is notified through substituted service, or the taxpayer fails to declare his choice at the time of filing his protest within the legal time limit, the Iranian National Tax Administration shall select one of the said representatives by due regard being had to the type of the taxpayer's activity or the kind of the tax under review.

**Note (1)** The quorum for the sessions of the Board of Settlement of Tax Disputes shall consist of three members and its decision shall be conclusive and enforceable when rendered by the majority. However, the opinion of the minority should also be mentioned in the text of the decision.

**Note (2)** The Iranian National Tax Administration shall be responsible for administration of the affairs of the Boards of Settlement of Tax Disputes and for convening of their sessions. The remuneration of the members of the Boards of Settlement of Tax Disputes will be payable out of the funds to be forecast for

this purpose in the said Administration's budget and on basis of the regulations that will be proposed by the Iranian National Tax Administration and approved by the Minister of Economic Affairs and Finance.

**Article 245** The Board members who are representative of the Iranian National Tax Administration shall be selected from among the said Administration's employees with at least ten years service experience, from which not less than six years should be related to taxation career, and they must be knowledgeable and acquainted with tax affairs.

**Article 246** For the purpose of participation of the taxpayer or his representative and possibility of dispatching a representative by the Tax Affairs Office, the time of hearing of the Board of Settlement of Tax Disputes shall be notified in case of each file to them. The interval between the date of notification and the day of convention of the hearing session shall not be less than ten days, except when otherwise requested by the taxpayer and agreed by the relevant Office.

**Note** Absence of the taxpayer or his representative or the representative of the Tax Affairs Office shall not prevent the Board from examining the case and rendering its decision.

**Article 247** Decisions of the Boards of Settlement of Tax Disputes of the First Instance shall be finalized and applicable, except if within 20 days of the date of serving the decision notice to the taxpayer in view of Article 203 of this Act and its Notes, the competent tax officers or the taxpayer makes any written objections against it. Then, the case shall be duly referred to the Board of Appeal of the Settlement of Tax Disputes. The decision of the Board of Appeal of the Settlement of Tax Disputes shall be finalized and applicable.

Note (1) The taxpayer is required to pay the tax acceptable for the taxpayer, and submit the objections to the surplus amount within the provisioned time limit.

Note (2) Representatives, who are members of the Board of Settlement of Tax Disputes, are required not to have previously expressed any viewpoints or voted in this regard.

Note (3) In case one of the disputing parties, appeals against the decision issued by the Board of First Instance, only the objection made by that party shall be examined in the appeal process and the decision shall be issued.

Note (4) Finalized decision of the Boards of Settlement of Tax Disputes shall be objectionable and examinable in the Supreme Tax Council in view of Article 251, except where the decision of the Board of Settlement of Tax Disputes of the First Instance is finalized, accompanied by the failure of the related taxpayer or tax officer to make any objections.

Note (5) The Iranian National Tax Administration shall be duly authorized to refer the written objection of the taxpayers against the decisions issued by the Boards of Settlement of Disputes before the date of legislation of this Article, which were submitted to the competent tax authority, within the legal time limit to the Boards of Appeal of the Tax Disputes for examination and issuance of the due decision.

Note (6) Where the objection of the taxpayers against the decisions of the Boards of First Instance is rejected by the Board of Appeal of the Settlement of Tax Disputes, and where the objection against the decisions of the Boards of Appeal is rejected by the chambers of the Supreme Tax Council, for each stage, the amount of one percent (1%) of the difference between the tax subject of the decision objected and the tax payable stated by the taxpayer in the tax return submitted, shall be payable by the taxpayer as the examination expenses.

**Article 248** The decision of the Board of Settlement of Tax Disputes must include justified and substantiated view concerning the objection of the taxpayer and in case of deciding upon the adjustment of the taxable income, the Board shall specify the reasons and grounds thereof in the text of the decision.

**Article 249** Boards of Settlement of Tax Disputes are required to mention the basis of tax assessment in the text of their decision and in case of erroneous assessment, should examine it and correct the decision, when applied by the taxpayer or the Tax Affairs Office.

**Article 250** In cases where the Board of Settlement of Tax Disputes rejects the tax assessment notice or adjusts the assessment made by the Tax Affairs Office, it should send a copy of its decision and the transcript of the assessment notice to the Tax Disciplinary Prosecutor for examination, so that the offending person be prosecuted, if commitment of an offence is ascertained.

**Article 251** The taxpayer or the Tax Affairs Office can file a complaint with the Supreme Tax Council, within one month from the date of serving the final decision of the Board of Settlement of Tax Disputes, and apply by providing sufficient evidence for reversal of the decision and reconsideration of the case for the reason of nonobservance of positive laws and regulations or because of defect in examination.

**Article 251 (bis)** In case of final taxes subject to this Act and indirect taxes that are not capable of being reviewed by any other authority, if the taxpayer submits a complaint to the effect that the tax is unfair and provides sufficient documents and evidence to that effect and applies for reconsideration of the case, the Minister of Economic Affairs and Finance may refer the file of the case to a Board composed of three persons, whom he shall nominate personally. The decision of the Board shall be conclusive and enforceable when rendered by the majority.

The rule of this Article shall also apply to the turnovers of the year 1368 (March 21, 1989 until March 20, 1989) and subsequent years up to the date of approval of this amendment.

## **Chapter four - Supreme Tax Council and its Duties and Powers**

**Article 252** The Supreme Tax Council shall consist of 25 members that will be nominated by the President of the Iranian National Tax Administration and appointed by an order of the Minister of Economic Affairs and Finance from among the persons knowledgeable, informed and experienced in fields of legal, economic, financial, accounting and auditing affairs and holding a bachelor degree or a degree equivalent to it, at minimum, in the aforesaid fields.

Note (1) A minimum number of 15 members of the Supreme Tax Council are to be selected from among the employees of the Ministry of Economic Affairs and Finance or its subordinate organizations and agencies. They must have a minimum record of six years in tax positions.

Note (2) The quorum for sessions of the Supreme Tax Council shall consist of two thirds of the members at minimum and its decisions shall be valid when rendered by half of its members present at the session plus one.

**Article 253** The term of membership of the Supreme Tax Council's members shall be three years from the date of appointment. They shall not be removable from the membership during the said period of three years, unless upon their own request or by virtue of the final decisions of the special administrative tribunal referred to under Article 267 of this Act. Reappointment of the members after the expiry of the said three years will be allowed. The Chairperson of the Supreme Tax Council will be nominated by the President of the Iranian National Tax Administration from among the members of the Council who are employees of the Ministry of Economic Affairs and Finance and will be appointed by an order of the Minister of Economic Affairs and Finance.

**Article 254** The Supreme Tax Council shall consist of eight chambers, and each chamber shall consist of three members. The Chairperson of the Supreme Tax Council shall appoint the head and members of chambers.

**Article 255** Tasks and powers of the Supreme Tax Council shall be as follows:

(1) Drafting bylaws and circular letters related to the enforcement of this Act, when it is instructed by the Minister of Economic Affairs and Finance or by the President of the Iranian National Tax Administration, or if the Supreme Tax Council would consider it necessary to prepare and propose the same to the President of the Iranian National Tax Administration;

(2) Conducting studies aimed at suggesting and rendering views on the manner of implementation of tax laws and regulations, and for submitting proposals to the Minister of Economic Affairs and Finance or the President of the Iranian National Tax Administration for amendment and alteration of tax laws and regulations or removing some of them;

(3) Commenting on tax subjects and issues, which the Minister of Economic Affairs and Finance or the President of the Iranian National Tax Administration may refer, in case of necessity, to the Supreme Tax Council for consultation and seeking its opinion **On the subject of this paragraph of the majority of members of the Supreme Council for Economic Affairs and Finance Minister or head tax after implementation of INTA, as appropriate, shall be binding for all authorities and tax authorities;** and

(4) Examination of final decisions of the Boards of Settlement of Tax Disputes that are complained of by the taxpayer or the Tax Affairs Office for nonobservance of positive laws and regulations or defect of examination. [\(July 22, 2015\)](#)

**Article 256** If a complaint is filed within the prescribed time limit, either by the taxpayer or the Tax Affairs Office, against the final decision of the Board of Settlement of Tax Disputes, by which a claim is raised alleging, clearly or implicitly, the breach of positive laws and regulations or defect of examination, while evidence is produced or documents and records are presented to that effect, then the Chairperson of the Supreme Tax Council shall refer the complaint to one of its relevant chambers for review.

The relevant chamber shall examine the case for the purposes of observance of procedures and completeness of legal examination and conformity of the case with positive laws and regulations exclusively, without dealing with the substance of the issue, and shall render an appropriate decision, substantiated by legal evidence and considerations, with the effect either to the reversal of the decision of the Board of Settlement of Tax Disputes, or rejection of the submitted complaint. The decision of the chamber shall be valid when issued by the majority, while the opinion of the minority should also be mentioned therein.

**Article 257** Whenever the chamber reverses the complained decision, the file of the case shall be referred to another Board of Settlement of Tax Disputes for reconsideration. If there is only one Board of Settlement of Tax Disputes in the relevant place, the case shall be referred to the Board of Settlement of Tax Disputes of the nearest city located in the same province as the relevant place. The reviewing authority shall reexamine the case of tax dispute in conformity with the Chapter three of this Title of this Act, and shall issue its decision with due regard being had to the opinion of the chamber of the Supreme Tax Council. The decision rendered in such manner shall be conclusive and enforceable.

The rule of this Article shall also apply in cases where the Court of Administrative Justice reverses the decision of the Board of Settlement of Tax Disputes.

Note Whenever the decision of the Board of Settlement of Tax Disputes is reversed, the Supreme Tax Council shall send a copy of the Board's decision to the Tax Disciplinary Prosecutor for examination, so that the case be prosecuted if an offence is ascertained.

**Article 258** Where different opinions are adopted by chambers of the Supreme Tax Council with regard to similar cases, the Minister of Economic Affairs and Finance, or the President of the Iranian National Tax Administration, or the Chairperson of the Supreme Tax Council, shall refer the case to the Plenary Board of the Supreme Tax Council composed of the Chairperson and heads of chambers of the Council, or a member of the Council at the discretion of the Chairperson, where the head of a chamber is absent. The Plenary Board shall examine the disputed subject and shall get to a conclusion by rendering its decision. In such cases, the decision of the Plenary Board, if issued by the majority of two thirds of all its members, shall be conclusive and must be followed in similar cases by the chambers of the Supreme Tax Council and Boards of Settlement of Tax Disputes.

**Article 259** If the complaint against the decision of the Board of Settlement of Tax Disputes is filed by the taxpayer, and the latter deposits cash or bank guarantee equal to the amount of the tax determined under the decision, or introduces a real security or a creditable guarantor, whose creditability is

accepted by the Tax Affairs Office, then the enforcement of the decision shall be suspended till the Supreme Tax Council delivers its opinion.

### **Article 260 Deleted.**

## **Chapter five - High Tax Disciplinary Board and its Duties and Powers**

**Article 261** The High Tax Disciplinary Board shall consist of three full members and two alternate members who will be nominated by the President of the Iranian National Tax Administration from among the senior officials of the Ministry of Economic Affairs and Finance, who are knowledgeable and informed in the field of tax affairs and have a service record of 16 years, of which not less than six years should have been spent in tax positions, and will be appointed to the duty in question for three years by an order of the Minister of Economic Affairs and Finance. The position of such persons shall not be changeable during that period, unless upon their own request or by virtue of the final decision of the special administrative tribunal envisaged under Article 267 of this Act. Reappointment of them after the expiry of the said three years shall be allowed.

The head of the High Tax Disciplinary Board will be nominated by the President of the Iranian National Tax Administration from among the full members of the Board and will be appointed by an order of the Minister of Economic Affairs and Finance.

Note The employees who have gone through the positions envisaged under Article 220 of this Act, and have served, as director general in provinces other than the province of Tehran, shall have priority for being nominated to the said duty.

**Article 262** The tasks and authorities of the High Tax Disciplinary Board shall be as follows:

(a) Investigating, upon the request of the Office of the Tax Disciplinary Prosecutor, the administrative offences related to tax affairs, which are committed by any tax officer or representative of the Iranian National Tax Administration in the Board of Settlement of Tax Disputes and members of the Three-Person Board described under Paragraph (3) of Article 97 of this Act, and other officials having responsibility under this Act for collection of taxes, and the persons who perform the tasks of the said officials while maintaining their principal position. Authorities specified in this Chapter shall carry out the prosecution and examination of cases under investigation by the Office of the former Tax Disciplinary Prosecutor, or by the ex-High Tax Disciplinary Board;

(b) Renouncing, at the request of the Tax Disciplinary Prosecutor, the competence of the persons occupying aforesaid positions for continuing tax services, because of moral problems, behaviors contrary to the prestige and status of tax officials, bad reputation, negligence and carelessness in discharging the relevant duties; and

(c) Examining the protests of the officials, whose competence is not confirmed by the Tax Disciplinary Prosecutor.

The opinion of the Board in such cases shall be valid for respective officials.

## **Chapter six - Tax Disciplinary Prosecutor and his Duties and Powers**

**Article 263** The Tax Disciplinary Prosecutor will be nominated by the President of the Iranian National Tax Administration from among the senior officials of the Ministry of Economic Affairs and Finance, who have a minimum service record of ten years from which six years should have been spent in tax jobs, and will be appointed to that position by an order of the Minister of Economic Affairs and Finance

**Note** The Tax Disciplinary Prosecutor may have sufficient number of assistants and may assign to them a part of his authorities.

**Article 264** The tasks of the Tax Disciplinary Prosecutor shall be as follows:

- (a) Investigating, detecting and prosecuting the offences and faults of tax officers and representatives of the Iranian National Tax Administration in the Boards of Settlement of Tax Disputes, members of the Three-Person Board envisaged under the paragraph (3) of the Article 97 of this Act, other officials dealing with the duty of tax collection according to this Act and the persons performing the tasks of the said officials while maintaining their principal positions;
- (b) Investigating about the moral characters, behavior and actions of the said persons;
- (c) Advising on promotion of tax officers and representatives of the Iranian National Tax Administration in the Boards of Settlement of Tax Disputes; and
- (d) Bringing lawsuits against the taxpayers and tax officials in cases envisaged under this Act.

**Article 265** The causes of commencement of examination and investigation shall be as follows:

- (a) Complaint of interested persons with regard to the nonobservance of the provisions of this Act;
- (b) Report received from the official authorities;
- (c) Cases referred by the Minister of Economic Affairs and Finance or the President of the Iranian National Tax Administration, or by the High Tax Disciplinary Board; and
- (d) Observations and information of the Tax Disciplinary Prosecutor. **Note** The Tax Disciplinary Prosecutor shall investigate the cases envisaged under this Article and shall, as the case may warrant, file them, issue a nolle prosequi, or draw up a bill of indictment and submit it to the High Tax Disciplinary Board. The instance should also be reported to the High Tax Disciplinary Board where a nolle prosequi is issued. The Board shall directly examine the case if it would consider the nolle prosequi not in agreement with the facts of the issue.

**Article 266** Committees dealing with administrative offenses, tax officers and representatives of the authority to investigate offenses of all state tax in their tax dispute settlement bodies. At least one of the members must be more than ten years of experience in tax matters. [\(July 22, 2015\)](#)

**Note:** In all of the law "to address the Board of Administrative Offences" replaces the term "high disciplinary committee." [\(July 22, 2015\)](#)

**Article 267** The disciplinary offences of the members of the Supreme Tax Council, or **Board to handle administrative violations**, shall be investigated, when instructed by the Minister of Economic Affairs and

Finance, by a special Administrative Tribunal consisting of one of the heads of the chambers of the Supreme Court introduced by the Chief Justice of the said court, President of the Supreme Audit Court and the President of the Iranian National Tax Administration. The Tribunal shall examine the case in conformity with the Law on Investigation of Administrative Offences and other relevant regulations, and shall rule on acquittal or conviction. The decision of the Tribunal shall be conclusive and enforceable. [\(July 22, 2015\)](#)

**Article 268** Whenever the notaries public are obligated under the tax laws and regulations to perform certain tasks in connection with the transactions concluded through them, any offences committed by them in connection with the performance of such duties shall be prosecuted by the Tax Disciplinary Prosecutor. The competent authority envisaged under the Notaries Public Act shall have jurisdiction to the trial and punishment of the offending notaries public. However, apart from submitting a bill of indictment, the Tax Disciplinary prosecutor may assign the representative of the Tax Affairs Office for providing explanations to the said authority.

**Article 269** Office of the Disciplinary Prosecutor of Judges shall prosecute offences of the judges of the Boards of Settlement of Tax Disputes related to performance of the duties vested in the said Board under the tax laws and regulations, after being declared by the Tax Disciplinary Prosecutor. As regards the retired judges and the representatives referred to under Paragraph (3) of the Article 244 of this Act, the courts of justice shall investigate their offences after being announced by the Tax Disciplinary Prosecutor, and they shall be convicted to appropriate punishments.

**Article 270** The offences of tax officers and representatives of the Iranian National Tax Administration in the Boards of Settlement of Tax Disputes in the following cases shall be subject to the punishments described below:

(1) If after the assessment of the tax and its becoming inappealable, it becomes evident that the tax officers and representatives of the Iranian National Tax Administration in the Boards of Settlement of Tax Disputes have intentionally or negligently overassessed or underassessed the taxpayer's income, without paying attention to the records and documents of the taxpayer, and without performing sufficient investigation, then the offending persons shall be convicted to the administrative punishment of dismissal from government services for a period not less than three months and not more than five years, in addition to indemnification of the losses incurred, the amount of which shall be determined by the Supreme Tax Council;

(2) In cases where the taxes of taxpayers become subject to the statute of limitation or uncollectible as a result of the negligence or carelessness of tax officers, except in case of the tax returns that are not to be examined necessarily by virtue of Article 158 of this Act, the failing officer shall be convicted, according to the decision of the High Tax Disciplinary Board, to the dismissal from tax services, and to an appropriate punishment stipulated under the Law on Investigation of Administrative Offences.

Meanwhile, the offending officer shall have civil liability for the losses sustained by the government, to the extent to be assessed by the Supreme Tax Council. The Tax Disciplinary Prosecutor shall raise a claim for indemnification of losses by virtue of the same liability in the civil courts of justice. In case of having ill intent, the accused person shall be subject to criminal prosecution by the Tax Disciplinary Prosecutor.

The tax officers who reopen the closed and adjudicated tax cases shall be convicted, by the decision of High Tax Disciplinary Board, to the dismissal from government services from one to four years. If they

give false reports and thus cause, intentionally, the faultless taxpayers to be prosecuted, the tax officers shall be convicted, by the judgment of the courts of justice, to imprisonment from six months to two years. The courts shall examine such cases out of turn.

The same rule shall apply where in cases referred to in the Articles 156, 227 and 239 of this Act and generally after the assessment notice is issued at any stage, a tax officer claims a tax in respect of other activities of the taxpayer, whether of the same type or otherwise, without obtaining substantiating documents, or after the application of tax statute of limitation, as envisaged under Articles 156 and 157 of this Act.

Note The procedure for investigation of relevant offences and applicable punishments shall be subject to the Law concerning the Investigation of Administrative Offences, except in respect of cases for which special regulations are envisaged under this Act.

### **Article 271 deleted**

**Article 272** INTA is required by the end of January each year than those with natural and legal persons or groups of companies, in addition to paragraphs (a) and (d) single article "law of the competent specialized services and professional accountants in through appropriate are (listed in the Official Gazette of the Islamic Republic of Iran and one of the newspapers or the electronic system) to inform these groups of people bring. Natural and legal persons, which the fiscal year begins after the announcement of the organization, will be subject to this article. In case of failure to provide audited financial report deadline mentioned in this article, in addition to penalty equal to twenty percent (20%) tax, taxable income will be determined according to the provisions of the law through the investigation [\(July 22, 2015\)](#)

Note (1) The audited financial statements as set forth in this Article and content of accounting and legal inspection within the framework of the provisions of the law has been set, can be detected taxable income by the persons learn to be used and tax administration invoked.

Note (2) INTA can audit the financial statements or tax reporting natural and legal persons or firms to audit the delegated member of the Society of CPAs. In this case, the tax audit fees paid in accordance with the relevant regulations, INTA's responsibility [\(July 22, 2015\)](#)

**Article 273** This Act shall become enforceable as of March 21, 2002 (the beginning of the year 1381) and all legal persons, whose fiscal year began from March 21, 2001 ( first day of *F 'arvardin 1380*) onwards, shall also become subject to it in respect of examination procedure and tax rate. As of the enforcement date of this Act, all the laws and regulations inconsistent therewith shall become null and void, except for tax regulations of the Law of the Third Economic, Social and Cultural Development Plan of the Islamic Republic of Iran, during the term of the same plan, and Article 13 of the Law of August 29, 1993 (*Shahrivar 7, 1372*) concerning the Administration of Free Trade-Industrial Zones and its Commentary of April 10, 1995 (*Farvardian 21, 1374*).

This rule shall also apply to the inconsistent laws and regulations that the application of public laws and regulations to them requires explicit mentioning or explicating their names.

**Article 274** The following is a tax crime and the perpetrator or perpetrators in each case, be sentenced to punishments of six: [\(July 22, 2015\)](#)

1. Set offices, false documents and citations
2. Concealing and conceal the proceeds of economic activity
3. Denial of access to tax information and commercial tax officers or third parties in the implementation of article 181 of the law and refuse to perform legal duties regarding the financial information referred to in Article (169) and (169 repeatedly) to INTA and enter the losses to the government by this action
4. for failure to perform duties related to direct taxes and VAT in connection with the collection or deduction of other taxpayers and tax authorities in the delivery of legal deadlines specified
5. in the name of transactions and the contracts others
6. The refusal to perform duties under the law on the preparation and submission of tax return data on income and expenditure in three consecutive years
7. The use of commercial card other persons to evade tax

Note (1) to apply the exclusion to apply umbilical punishment stipulated in the law office of health promotion and the fight against corruption is not approved by the Expediency Council 08.07.1390.

Note (2) with a lawsuit against the perpetrators of crimes and the crimes of the tax police and other law enforcement authorities through the prosecution takes place

**Article 275** If a legal person is guilty of a felony tax, for a period of six months to two years to one of the following penalties will be charged: [\(July 22, 2015\)](#)

1. A ban of one or more career
2. Ban on the issuing of commercial paper

Note - The criminal liability of legal persons does not preclude criminal liability of natural person committed the crime

**Article 276** If any of accountants, auditors and audit firms, tax officers and employees of banks and financial institutions and credit assistance and tax crimes or violations to a minimum punishment of a perpetrator sentenced to not report. Deputy punishment other persons shall be determined in accordance with the Penal Co. [\(July 22, 2015\)](#)

**Article 277** The perpetrator or perpetrators of tax offenses in addition to the penalties stipulated in Articles (274) to (276) of the Act, is responsible for paying the tax and legal fines by the deadline stipulated in Article 157 of this law does not demand as well as harm the government, with judicial authorities are righteous judgment. [\(July 22, 2015\)](#)

**Article 278** Chief Justice at the request of the President of INTA in each of the provinces and territories it considers suitable, special tax court in the country. The National Tax Administration is responsible for equipment and space they provide for the establishment of an independent. [\(July 22, 2015\)](#)

**Article 279** Any unauthorized access and misuse of data recorded in the database Identity, function and property tax payers in Article (169 repeatedly) the law of the Apart from the process of identifying issues and collecting the tax or disclosure of information about the crime And committed public service in addition to discharge from two to five years, the penalty more than six months to two years

in prison sentenced. Other legal sanctions related to the Matter of litigation by stakeholders and competent authorities to determine the to identify. [\(July 22, 2015\)](#)

**Article 280** Government may one percent (1%) of total revenues from direct taxes paid under this Act to the Treasury of the country, in a certain row in the Interior Ministry's annual budget legislation until after the swap agreement, the ratio population Dehyariha and municipalities in the two hundred and fifty thousand people paid. [\(July 22, 2015\)](#)

Taxes organizations and institutions to municipalities under the Municipal Act to perform the functions inherent in public affairs, urban and service and one hundred percent (100%) of assets belonging to the municipality at a rate of zero. [\(July 22, 2015\)](#)

**Article 281** The effective date of this Act, except as otherwise prescribed by law, is the beginning of the year 1395 but all legal entities and businesses in article 95 of this law the fiscal year from 01.01.1394 and after it starts with the submission of the application, the address and the provisions of Article 272 and the tax rate, subject to the provisions of this law [\(July 22, 2015\)](#)

**Article 282** The date of entry into force of the Law amending the Law on Direct Taxes Act of 31.4.1394 tax laws the following rules will be canceled. [\(July 22, 2015\)](#)

1. Articles (29) and (71) of the guild system reforms adopted 12.06.1392
2. Article 17 of the law of maximum production and service in meeting the needs of the country and strengthen export and amendment to Article (104) of the Direct Taxes Act of 05.01.1391
3. Article 6 of the Regulation will facilitate the adjustment of industry modernization and reform of Article 113 of the Third Economic, Social and Cultural Islamic Republic of Iran, adopted on 05.24.1382
4. The exception in paragraph (c) of Article 1 and Article 6 of the law passed in 1386 to facilitate the adjustment of documents in the offices of official documents
5. Article 66 of the insertion material to the set of financial regulations adopted by the Government in 1384.

An aerial night photograph of a mountainous region, likely in Iran, showing a large city with numerous lights and a winding river or road through the valleys. The mountains are rugged and covered in vegetation, with some peaks illuminated by city lights or moonlight.

# Direct Taxes Act of the Islamic Republic of Iran

With the latest amendments approved by July 22, 2015

Translated by Hamid Dianatpey

First Edition  
13 January 2016