

# THE LAW ON THE REGISTRATION OF COMPANIES

(Approved on 02 June 1931, with subsequent amendments)

## **Article 1**

Any company which is formed in Iran and its principal center is located in Iran shall be considered as an Iranian company.

## **Article 2**

All Iranian companies named in the Commercial Code (stock, general partnership, joint, co-operative) which exist at the time of coming into effect of this Law and which do not conform to the regulations of the Trade Law with respect to their registration and setup, must bring their setup in line and apply for registration in accordance with the said Law by 23 September 1931. Otherwise, at the request of the prosecuting attorney of the Court of First Instance at the locality where the registration is to take place, the court shall impose on the directors a cash fine of one hundred to one thousand Tomans. If requested by the prosecuting attorney, the court shall further order the dissolution of the violating company. If the above time period is not sufficient for adjusting the company setup and registering the company in accordance with the Commercial Code, upon the request of the company, head of the local Court of First Instance shall grant an extension of up to three months.

## **Article 3**

As of the date on which this law comes into effect, in order for any foreign company to be able to engage in commercial, industrial or financial affairs in Iran through a branch office or representative, it must have been already recognized as a legal company in its country of origin and then registered at Tehran Deeds Registration Office.

## **Article 4**

Any foreign company that is engaged in commercial, industrial or financial affairs through its branch office or agent when this Law enters into force, must apply for registration within four months from the said date. In case this period of time is not sufficient for the preparation and submission of required documents to the Registration Office, the head of Tehran Court of First Instance shall, upon the request of the company representative, grant an extension of up to six months.

## **Article 5**

Persons who are engaged in industrial, commercial or financial affairs in Iran as a representative or branch manager of foreign companies and who fail to apply for registration before the expiry of the given time, shall be liable to a cash penalty of 50-1000 Tomans upon the request of the prosecutor and by the order of Tehran Court of First Instance. In addition, for each day of delay following the issue of the order, the court shall impose on the violator a fine of 5-50 Tomans. If the order becomes final and the violation persists for three months following the communication of the order, then the government shall prevent the agent or branch manager of the violating company from carrying out any operation.

### **Article 6**

The provisions of the latter part of the above Article shall not apply to foreign companies whose operation is based on a proper and regular concession instrument and the Ministry of Foreign Affairs certifies the authenticity of the concession within the time limit set for applying for registration. However, the cash penalty for each day of delay following the issuance of the order shall be 10-100 Tomans a day.

### **Article 7**

Any changes in the status of the company representatives and branch managers must be communicated in writing to the Deeds Registration Office. As long as such notification has not been served, acts performed by the former representative or manager in the name of the company shall be considered to be those of the company, unless the company proves that the persons who claim a right according to this Article, were already aware of the change in the status of the agent or the manager.

### **Article 8**

Insurance companies, whether Iranian or foreign, shall be subject to the by-laws formulated by the Ministry of Justice. Accepting the registration application of these companies and conditions for their continued operation shall be subject to the observance of the provisions set out in those by-laws.

### **Article 9**

The Ministry of Justice shall formulate necessary by-laws for the enforcement of this Law. In the said by-laws, the following issues must be clearly set out:

1. Persons who are required to file a registration declaration.
2. Points that must be included in the declaration.
3. Papers and documents of which the original copy or the certified translation should be appended to the declaration form.
4. Points which should be re-registered in case of any change.
5. The manner in which new branches or representative offices are to be registered.
6. Notices that must be published at the company's expense by the Deeds Registration Office following the registration of the company.
7. Fee schedule for translation and certifying translated text as being true.

### **Article 10**

#### **as amended on 20 March 1984**

Fees for the registration of companies and institutions, whether Iranian or foreign, are set in accordance with the following schedule:<sup>1</sup>

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<sup>1</sup>. All registration fees payable under section A have been raised by 50%, first according to Article 5 of the Law on the Collection of Certain Government Revenues approved on 11 November 1990, and then according to the Law on the Collection of Certain Government Revenues and Their Use in Specified Cases approved on 19 March 1995.

For the registration of companies and commercial institutions based on the amount of their total capital:

1. Up to 2 million Rls. of the total capital, 80 Rls. per every 10,000 Rls. providing that it shall not be less than 1,000 Rls.
2. Up to 4 million Rls. of the total capital, 50 Rls. per every 10,000 Rls. exceeding 2 million Rls.
3. Up to 8 million Rls. of the total capital, 35 Rls. per every 10,000 Rls. exceeding 4 million Rls.
4. Up to 10 million Rls. of the total capital, 20 Rls. per every 10,000 Rls. exceeding 8 million Rls.
5. Up to 100 million Rls. of the total capital, 15 Rls. per every 10,000 Rls. exceeding 10 million Rls.
6. From 100 million Rls. to 500 million Rls. of the capital, a lump sum amount of 250,000 Rls.
7. Of a capital exceeding 500 million Rls., a lump sum of 350,000 Rls.
8. The registration fee relating to the increase of capital shall be subject to the above rates for each increase relative to the additional capital. The registration fee for each change in cases other than capital change shall be 2,000 Rls.

#### **Notes 1, 2 and 3 as amended on 19 November 1967**

**Note 1.** With regard to changes that should be registered, each time of change shall be liable to a registration fee of 1,000 Rls., except changes relating to the increase in the capital for which the registration fee of each change relative to the additional capital shall be subject to the rates set out in this section.<sup>1</sup>

**Note 2.** The law on the registration fee of the insurance companies approved on 1 December 1931 shall remain valid.

**Note 3.** With respect to the registration of foreign companies, Article 15 of the ordinance of the Law on the Attraction and Protection of Foreign Investment approved on 10 October 1956 shall be complied with.

#### **Section B as amended on 20 March 1984**

B. The fee for the registration of non-commercial institutions having no capital is 4,000 Rls. The fee for the registration of non-commercial institutions with capital is as follows:<sup>2</sup>

1. The registration fee payable by non-commercial institutions having a capital of up to 2 million Rls. is 5,000 Rls. on a lump sum basis.
2. The registration fee payable by non-commercial institutions having a capital of 2 million+1 Rls. to 10 million Rls. is 7,500 Rls. on a lump sum basis.

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<sup>1</sup>. Given subsection 8 of Section A of Note 77 of the Annual Budget Law for the year 1363(1985/86), Note 1 has been implicitly rendered void.

<sup>2</sup>. All registration fees payable under section B have been increased by 50%, first according to Article 5 of the Law on the Collection of Certain Government Revenues approved on 11 November 1990, and then according to section C of Article 1 of the Law on the Collection of Certain Government Revenues and their Use in Specified Cases approved on 19 March 1995.

3. The registration fee payable by non-commercial institutions having a capital of 10 million+1 Rls. to 100 million Rls. is 10,000 Rls. on a lump sum basis.
4. The registration fee payable by non-commercial institutions with a capital exceeding 100 million+1 is 20,000 Rls. on a lump sum basis.
5. The registration fee relating to the increase of capital shall be subject to the above rates for each increase relative to the additional capital. The registration fee for each change in cases other than capital change shall be 1,000 Rls.

**Note 4.** Any changes in the status of non-commercial institutions, except the increase in the amount of the capital which is subject to the procedure set out in this section, shall be liable to a registration fee of 500 Rls. per each change.<sup>1</sup>

### **Section C as amended on 13 November 1973**

C. Rural co-operative companies and other co-operative companies whose Articles of Association have been approved in accordance with regulations, the Co-operation and Consumption Organization of the Armed Forces and its subordinate economic bodies, agricultural development state companies and agro-industrial state companies are exempted from the payment of registration fee.

D. Fees for the registration of a branch and its changes shall be in accordance with the provisions laid down in the sections of this Article<sup>2</sup>

E. As of coming into force of this Law, no other fees, whether general or particular, shall be collected for the registration of companies and institutions covered by this Law. Regulations in disagreement with this Law are repealed.

### **Article 11**

The representative or the branch manager of any foreign company who, in breach of Article 3, engages in commercial, industrial or financial operation before being registered as the representative or branch manager of the company in Iran, shall be liable to cash penalty in accordance with Article 5 of this Law.

With regard to domestic companies which are formed after this Law becomes effective, persons who are required to apply for registration but fail to do so within the given time limit shall be liable to a cash penalty in accordance with Article 2 of this Law.

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<sup>1</sup> . Given subsection 5 of Section B of Note 77 of the Annual Budget Law for the year 1363(1985/86), Note 4 has been implicitly rendered void.

<sup>2</sup> . Given Section C of Note 77 of the Annual Budget Law for the year 1363(1985/86) approved on 20 March 1984 and Section C of Article 1 of the Law on the Collection of Certain Government Revenues and Their Use in Specified Cases approved on 19 March 1995, the fee for registration of each branch of companies and commercial and non-commercial institutions referred to under Section D and their changes shall be in accordance with the amended tariffs of Article 10 which have been raised by 50 percent.

**Article 12**

Articles 66 and 141 of the Commercial Code and Article 241 of the Deeds Registration Law are hereby repealed and this Law shall enter into force as of 6 June 1931.