In the Name of God,

the Compassionate,

the Merciful

Legal Investment Capabilities and Incentives
in Kermanshah Province

Legal Investment Capabilities and Incentives in Kermanshah Province 2023

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Kermanshah, the Land of Seasons and Opportunities

"An investor who thinks about the needs of the country, who does not invest his money in speculation or lucrative and detrimental businesses, but who invests it in production instead, is doing a very good deed. Therefore, investors play a major role”

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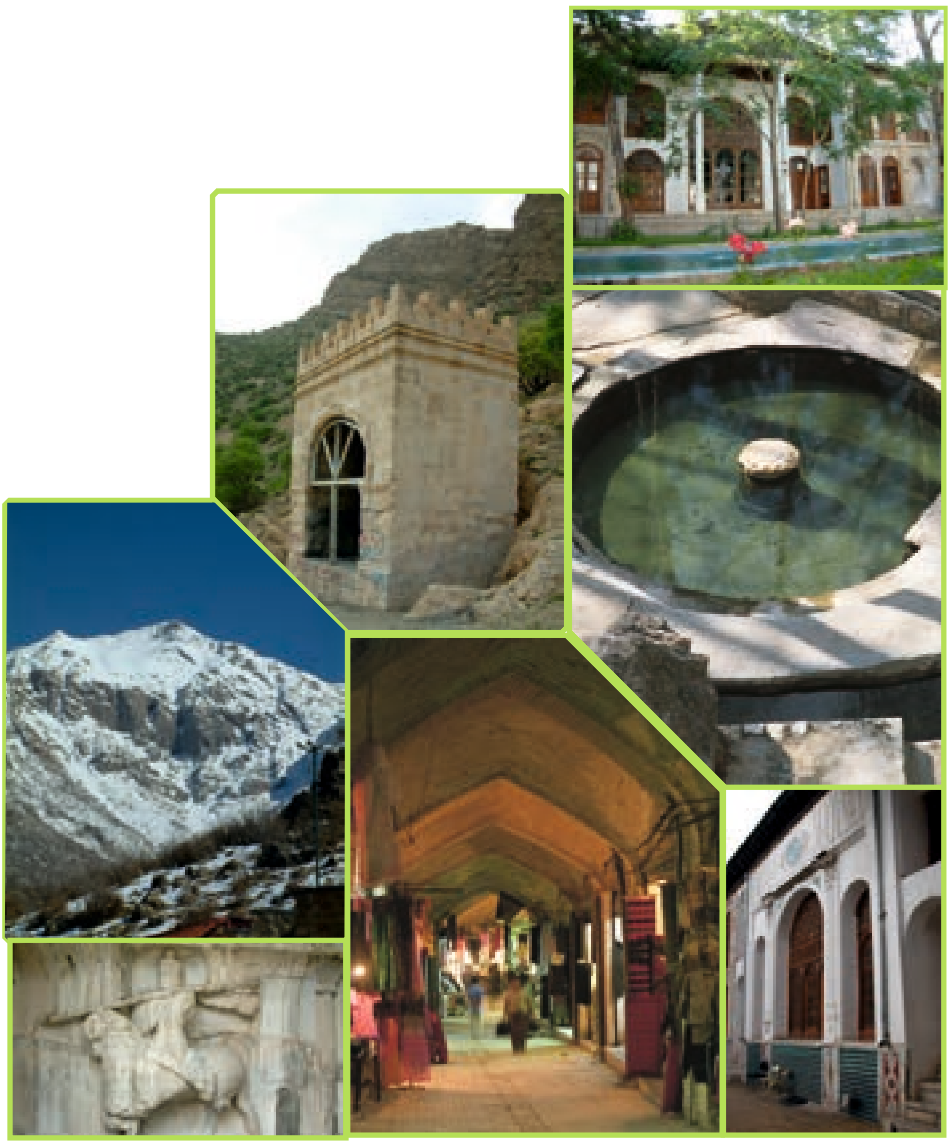



Kurdistan
The Republic
of Iraq
Hamedan
Ilam
Lorestan
Paveh
Javanrud
Salas-e
Babajani
Ravansar
Sonqor
Sahneh
Kangavar
Sarpol-e Zahab
Qasr_e shirin
Dalahu
Kermanshah
Harsin
Gilan_e gharb
Eslamabad-e Gharb

Introduction

Nowadays, one of the most important determining factors for stability and increasing income is investing in activities with higher returns. This requires understanding the current situation and the growth potentials of investment income in terms of demand components and production costs. The demand components can be examined in market-size terms of the manufactured goods, and the production cost component is also evaluated according to the supply level and the existence of infrastructure, investment incentives, and production factors. The exceptional capabilities of Kermanshah Province in various sectors provide a good opportunity for smart investors, which is a confirmation of the two components of demand and production cost in Kermanshah Province. In this regard, the book "Introduction to Legal Investment Capabilities and Incentives in Kermanshah Province" has been compiled in 5 chapters, which contains the introduction of Kermanshah Province and its capacities, advantages, capabilities, and incentives of the province in industry and mining, agriculture, Services, etc. which are formulated and provided under the Constitution and the current laws of the Islamic Republic of Iran.

It is hoped that this collection can provide relevant and valuable information for investors in taking decisions.

Dr. Mahmoud Rashidi Aghdam
Managing Director of Economic Affairs and Finance
of Kermanshah Province
The Vice-President of the Investment Service Centre
of Kermanshah Province

Chapter 1

Introduction to Kermanshah Province and Its Capacities at a Glance

Taq-e Bostan

1- Kermanshah Province at a Glance

1-1- The Location of the Province

Kermanshah Province is located in a mountainous region, with an area of 25,045 square kilometers (1.5 percent of the total area of the country) in the west of the country with a **370 km common border with the Republic of Iraq** that borders Kurdistan Province to the north, Lorestan and Ilam Provinces to the south, Hamadan Province to the east and the Republic of Iraq to the west. This province with Kermanshah as its capital, at present, has 14 counties, 34 cities, 32 towns, 87 villages, and 2,617 inhabited hamlets.

Kermanshah Province is located in the main route of the East-West Corridor and also the north-west to southern regions and on the main transit route of goods and services to the Republic of Iraq and is also located on **the main route to the Holy Shrines of (Karbala and Al Najaf al-Ashraf)**, while being at a suitable distance from the economic hub of the country.

1-2- The Weather Condition

In terms of climate, Kermanshah Province has a diverse climate due to its geographical location and its situation among the Zagros Mountains, to the extent that it is called the four-season province. According to the climate classification, **Kermanshah Province has four different climates**, and in the light of this, the province can be divided into warm and cold zones. Therefore the Cities of Qasreshirin, Sarpol-e Zahab, Gilan-e Gharb, along with parts of Salas-e Babajani and Kermanshah city are regarded as *Qeshlaqi* pastures (wintering place) and other areas as *Yeylaqi* pastures (summer highland pastures). The average rainfall in the province is about 400 to 500 millimeters, based on long-term data.

1-3- The Population of Kermanshah Province

According to the latest estimates, the population of the province was equal to 1,992,300 people, which is (2.44%) of the total population of the country and most of them, namely about 58%, live in Kermanshah City and the rate of urbanization in the province is about 79%.

This province has the best conditions in terms of the population's activity, having a demographic window perspective with the largest population at young age. 73% of the population is approximately in the working age, i.e. 15 to 64 years old.

1-4- Languages, Religion, Culture and Customs

This province has been inhabited by humans since the Paleolithic era, and the discovery of artifacts of more than 200,000 years ago is a proof of this claim, and it is safe to say that Kermanshah is a museum of human history, because human settlement has been established in this area since the Paleolithic era, until now. The population of Kermanshah is **predominantly Kurdish** people, and the Kurds are one of the largest and oldest Aryan tribes that lived in the mountainous areas of the Iranian plateau. The clothing of the people of these areas is unique and has its own features. The **religion** of the majority is **Islam**, although a small number of religious minorities such as Zoroastrians, Christians, and Jews also live in the province.

The **language** of the people of this province is **Kurdish**, which is a branch of the Northwestern Middle Iranian language and has a special status due to its written literature. The historical records and dispersion of Kurdish people, has led to the emergence of countless dialects, among which the most important ones include: *Kalhori, Hawrami,* and *Sorani Kurdish*, and Laki dialect. In addition to Kurdish dialects, some people especially in Kermanshah City speak *Kermanshahi Persian* dialects, in addition to, Kurdish dialects. The dialect was gradually, formed during the Qajar Government in Kermanshah, and following the formation of administrative and formal organizations in the country and due to the lack of familiarity with Persian language and as a result, the use of a combination of Persian and Kurdish words, with the purpose of communicating with government employees was formed. Moreover, the Persian language was the country's formal language, therefore it had to be learnt and used.

Table 1-1. A Selection of Economic Indicators of the Province, Compared to the Country at the Current Rate (In the Year 2022)

Row	The Index Title	The Assessment Criterion	Province	Country
1	GDP	Billion Rials	110,991.1	7,569,408
2	The GDP Growth	Percent	1.7	4.3
3	The Province's Share of the Country's GDP	Percent	0.15	—
4	GDP per Capita	Thousand Rials	55,710.1	90,053.5
5	The Added Value of the Agriculture Sector	Billion Rials	11,979.6	507,856
6	The Added Value of the Industrial Sector	Billion Rials	28,491.9	3,006,590
7	The Added Value of the Service Sector	Billion Rials	70,076.5	4,035,726
8	The Share of the Agriculture Sector in GDP	Percent	10.8	8.7
9	The Share of the Industrial Sector in GDP	Percent	25.8	47.6
10	The Share of the Service Sector in GDP	Percent	63.4	43.5
11	The Value Share of the Products of the Agriculture Sector of the Province in the Whole Country	Percent	2.35	100
12	The Value Share of the Products of the Industrial Sector of the Province in the Whole Country	Percent	0.95	100
13	The Value Share of the Products of the Service Sector of the Province in the Whole Country	Percent	1.74	100
14	The Employment Share of the Agriculture Sector (In 2022)	Percent	25.2	16.3
15	The Employment Share of the Industrial Sector (In 2022)	Percent	26.6	33.8
16	The Employment Share of the Service Sector (In 2022)	Percent	48.2	49.8
17	Economic Activity Rate (In 2022)	Percent	43	40.9

1-5- Advantages and Capabilities of the Province in Different Economic Sectors

- Having a 371 km of common border with Republic of Iraq, along with the creation of the required commercial infrastructure in vulnerable areas.

- Being located in the East-West Corridor of the country as the main transit route for goods to Iraq, (being adjacent to the two governorates of Sulaymaniyah and Diyala and other Middle Eastern countries.

- Being based in the north-west and south communication axis, on the transit route with the Republic of Iraq, the Iraqi Kurdistan Region, and the southern ports.

- Being located in the pilgrimage centre of Karbala and the tourist axis of the north-west and west of the country, and the passage of millions of pilgrims, travellers and visitors.

- The presence of the Science and Technology Park (Technology Tower) **with 64 Knowledge-based companies (ranked first in the western region of the country)** as well as technological structures located in academic and scientific centres, including Growth Centres of Razi University and Health Technology Centre of the University of Medical Sciences, Innovation Factory, etc. in order to support the creation and development of Knowledge-based and technological units.

■ The presence of numerous academic centres along with 21 permanent technical and vocational training centres in order to provide specialized human resources according to the labour needs of the province.

■ **The Health and Medical Education hub in the west** of the country with 24 hospitals and more than 3,400 active hospital beds (with a per capita equivalent of 1.7 beds per 1,000 persons, more than 1,550 general practitioners, specialists, and dentists with a capacity (with a per capita equivalent of 8 doctors per 10,000 persons), access to 145 medical diagnostic laboratories and, more than 85 nuclear diagnostic and therapeutic institutes.

The presence of unique tourism, historical, and natural capacities with **4,000 well-known historical Artefacts and features** with **national registration** of more than **2,200 works** and **50 tourism regions.**

■ The presence of Qasreshirin Free Trade-Industrial Zone, and Eslamabad-e Gharb Special Economic Zone with an area of 7,223 and 860 hectares, respectively, with infrastructure facilities.

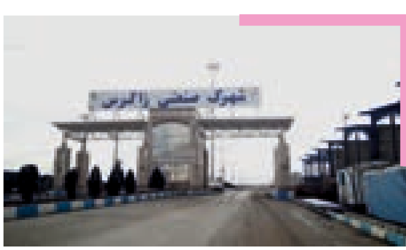
1-6- Advantages and Infra structural Capacities of the Province

■ The possibility of exporting technical and engineering services to the Republic of Iraq, particularly in the fields of energy, dam construction, electricity supply, and infrastructure services.

■ Receiving an average rainfall, twice the average rainfall in the country.

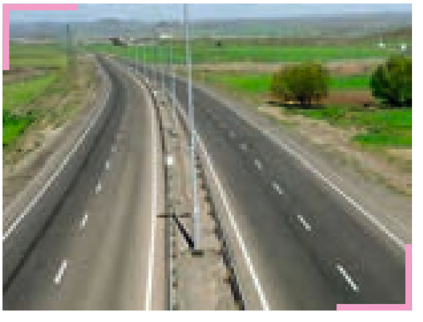
■ Assistance and possibility of receiving governmental support in the field of creating infrastructures needed for investment projects, such as water, gas, electricity, etc.

■ Having **25 authorized industrial estates and regions** with an area of over 2,000 hectares.



■ High capacity of ecotourism, due to the great climate diversity, various forests as well as biodiversity in this area.

■ Kermanshah province, with a road network totaling about 2,796 kilometers of communication roads, being located on the Silk Road and the main route to the Holy Shrines (about 473 km of highways, 484 km of main roads, and 1,825 km of asphalted secondary roads) plays a significant role in the transit of goods and passengers, in the region.



■ The presence of the International airport **(one of the top 10 airports in the county)** and regarded as the aviation hub of the western region, with the possibility of providing service to all types of wide-body aircrafts (120 flights per week, with the possibility of increasing it up to 300 flights) in the foreseeable future.

■ Connecting the Province, to the national rail network, with the capability of being connected to Iraq's Rail Network (Kermanshah-Khosravi Route of 263 kilometers in progress) to the destination of Latakia Port in Syria. The Kermanshah-Khosravi Train, in addition to completing the East-West Transit Corridor, provides the possibility of establishing a rail connection between Iran and Iraq via the Khosravi Border, connecting it with Karbala's Sacred Shrines and other religious sites located in Iraq and Syria.

■ The presence of an oil refinery, with a production capacity equivalent of 30,000 barrels per day (bpd), and Anahita Refinery, capable of producing 150,000 barrels per day (bpd) (Currently Under Construction).

■ The presence of 5 large- and 3 small-scale power plants, with a practical capacity of more than 2,231 megawatt Hours (MWh), which makes a significant contribution to the export of electricity to Iraq, and having suitable infrastructures for electricity transmission (A coverage ratio of 100% in urban areas and of 97.5% in rural areas).

■ The availability of suitable water reservoirs, equivalent to 7 billion cubic meters of surface and underground water resources (8.5% of the country's water resources) with the possibility of supplying the needed water for investment projects (the presence of 9 operative dams, with a volume of 1,222 million cubic meters, and 6 dams under construction, with a volume of 336 million cubic meters.

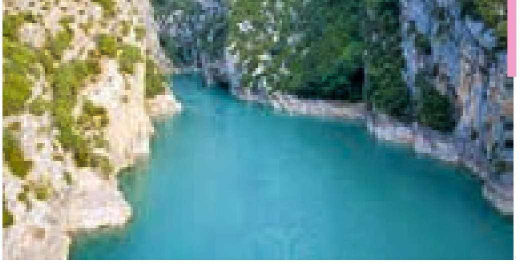


Table 1-2. Specifications of Operative Dams

Row	Dam Name	Full Supply Level(Million Square Meters)	The Amount of Water Allocation (Supply) for Agricultural Purposes (Million Square Meters)	The Amount of Agricultural Land Area Applied by Dam Water (Hectares)
1	Gaveshan	550	130	7,000
2	Shian	7	7	1,400
3	Gilan-e Gharb	28	29	4,000
4	Zagros	53	58.2	6,400
5	Soleymanshah	52	25	2,740
6	Azadi	72	24	902
7	Tange Hamam	70	23	3,000
8	Jamishan	52	32	3,560
9	Darian	338	Under the management of Iran Water and Power Resources Development Company	
Total		1,222	328.2	29,002

Source: The regional water resources company of the province

Gaveshan Dam

Jamishan Dam

Zamkan Dam

Darian Dam

Table 1-3. Specifications of Dams, Under Construction

Row	Dam Name	Full Supply Level (Million Square Meters)	The Amount of Water Allocation (Supply) for Agricultural Purposes (Million Square Meters)	The Amount of Water Allocation for Industrial Purposes (Million Square Meters)	The Amount of Agricultural Land Area Applied by Dam Water (Hectares)	Physical Progress	Explanation
1	Havasan	135	40	5	0	95	Transferred under the management of Iran Water and Power Resources Development Company
2	Qashlaq	48	19.5	6	2,200	89	-
3	Kaboutar Laneh	24.6	8	4	1,800	73	-
4	Zamkan	23	23	0	1,694	76	Stagnant
5	Kal Kosh	4.7	0	0	–	20	-
6	Sharafshah	101	24.8	7	3,000	95	-
Total:		265.3	90.5	22	5,694	–	-

Source: The regional water resources company of the province

- The presence of a network more than 8,000 kilometers of gas supply pipe lines and transmission trunk lines with a gas supply coverage ratio of 99% and 70% in urban and rural areas, respectively.
- The establishment of industrial estates in all cities of the province, with the aim of providing investment infrastructures.
- The availability of suitable infrastructures for the transportation of heavy goods (cargos) via air, land (rail and road).

- Having a youthful, educated, and job-seeking population (72% of the working-age population, i.e. 15-65 years old)).

- Helping to create the required infrastructures for the investment plans, such as water, gas, electricity, etc.

- The possibility of handing over national land to agricultural, non-agricultural, and process manufacturing industries projects.

1-7- General Incentives and Exemptions

- Tax exemption of 20 years for production and service units, located in areas deprived of employment, and the abovementioned production and service units having the possibility for being supplied with and receiving loan facility rates at lower rates than the conventional rate of banking facilities.

- 100% tax exemption for rural, nomadic, agricultural, fishery, and labour cooperatives

- Tax exemption, to the sum of the minimum expected profit of partnership contracts approved by the Monetary and Credit Council for individuals (natural/legal persons) who provide capital contributions for the purpose of financing for projects-plans and providing working capital for production enterprises in the form of participatory contracts.

- 100% tax exemption on the resulting proceeds achieved from providing services and exporting non-oil export goods and agricultural crops, and a 20% tax exemption on the resulted income gained from raw material export.

- 50% tax exemption on the declared interests for cooperatives with the aim of reconstruction and development of existing industrial and mining units present in the province.

- Providing the necessary arrangements to use the foreign currency facilities, out of the *National Development Fund* with special discounts and lower capital stocks compared to other provinces of the country.

1-8- Special Incentives for Foreign Investment

- No restrictions on the volume and percentage of foreign investment participation

- The possibility of registering an Iranian company with 100% foreign capital.

- Transferring the principal, capital gains and benefits form the use of capital, in the form of foreign currency or goods.

- Foreign investors, have the same rights as domestic investors

- The possibility of investment by foreign (natural and legal persons) also including and applying to Iranian citizens residing abroad.

- The possibility of investment in all permitted areas, specified for the private sector.

- Granting protective coverage to all foreign investment methods.

- Short and quick process of the approval of foreign investment application (foreign investment registration system) and its approval.

- Issuing a 3-year residence permit for investors, managers, foreign experts, and their first-degree relatives, and the possibility of entering three vehicles without paying the relevant fees.

- Tax exemption of 50% on the declared income purchased through the sale of goods produced by foreign joint ventures (in case of exporting at least 20% of the manufactured products)

- Tax discount up to 50% for foreign joint investment (every 5% of participation is equal to 10% exemption from registered and issued capital

- Granting a 5-year residence permit to foreign depositors and investors in exchange for a long-term deposit or an equivalent investment of at least 100,000 dollars

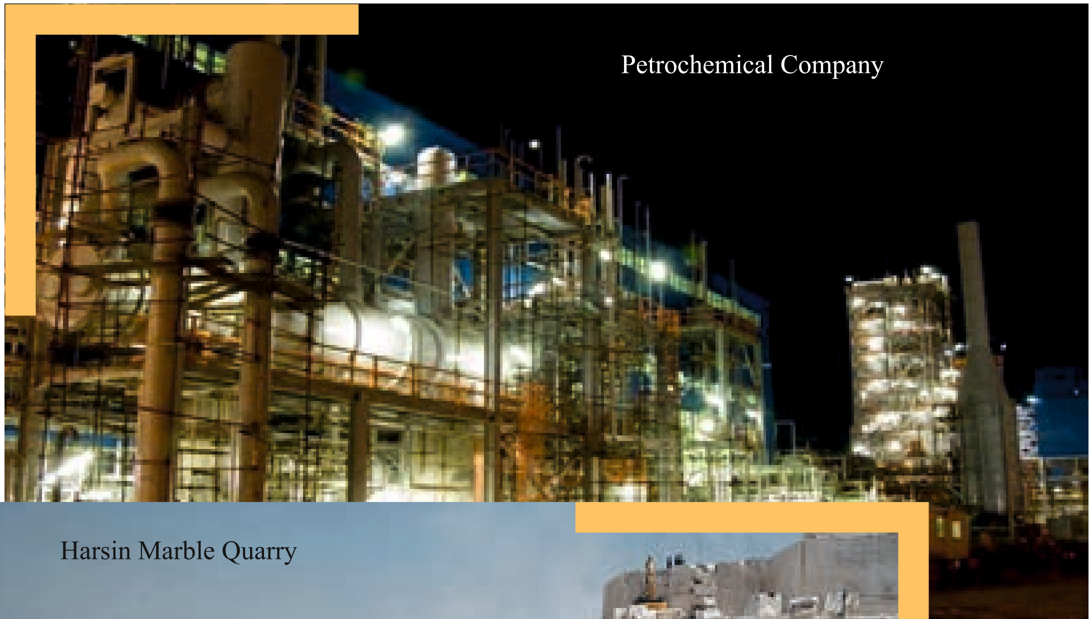
- The methods of approval, entering, exiting (inflow and outflow) of foreign capital and the generated profits to the special economic zone and the manner of the foreigners' participation, in each region is regulated and subject to the *Foreign Investment Promotion and Protection Act*, approved in 2001.

- The possibility of guaranteeing foreign capitals against losses caused by expropriation and nationalization by the *Organization of Free Trade-Industrial Zones* through their assets or by entering into contracts with banks, credit institutions and insurance companies with the approval of the Cabinet.

Piran Waterfall- Sarpol-e Zahab

Chapter II

Advantages, Capabilities, and Incentives of the Province in the Industry and Mining Sector



Petrochemical Company

Harsin Marble Quarry

Saman-e Gharb Cement Factory

2-1- Industrial Advantages and Capabilities of the Province

Kermanshah Province, due to its strategic location and its proximity to the Republic of Iraq has the best investment advantage for the production of industrial products and their export to Iraq and other countries.

The presence of the national Ethylene line in the west of the country and possessing three active petrochemical units with a production of over one million tons of urea and ammonia, linear Alkylbenzene, and high-density polyethylene per year. (Production of high-density polyethylene: 300,000 tons - Production of linear alkylbenzene: 50,000 tons – Production of urea and ammonia fertilizers: 660,000 tons) has turned the province into **the third petrochemical hub of the country**. Currently, six petrochemical projects are being implemented in the Special Economic Zone of Eslamabad-e Gharb, Sonqor, Ravansar, Kangavar and Kermanshah Petrochemical Development Project in Harsin City.

Car manufacturing plants (with a capacity of 50,000 cars in the first phase), Vegetable oil (with a capacity of 300,000 tons), Cement (Two units with a capacity of 3.6 million tons), Ceramic tiles (Three units with a capacity of 24.5 million tons), Rebar and beams (Three units with a capacity of 600,000 tons), Dairy products (16 units with a capacity of 460,000 tons), Medicines (Two units with a capacity of 340 million Medicines and 200,000 tons of Raw materials for Medicine), Sugar cubes (Two units with a capacity of 140,000 tons), Tomato paste (Three units with a capacity of 60,000 tons) and Double square hollow sections (SHS) (One unit with a capacity of 12,000 tons) are among the most important industrial units of the province and often play an active role in the field of exports in addition to meeting domestic needs, and this also shows that the province is home to a significant number of key industries and upstream industries.

Other Major Units of the Province Include the Following:

- *One Iron ingot manufacturing unit with a capacity of 200,000 tons*
- *One High-carbon Ferro manganese production unit with a capacity of 5,000 tons*
- *One plant pesticide production unit with a capacity of 3,000 tons*
- *16 flour production units with a capacity of 600 thousand tons*
- *19 livestock and poultry feed production units with a capacity of one million tons*
- *33 stone quarries production units with a capacity of 650,000 square meters*
- *Five building plaster production units with a capacity of 675,000 tons*

- Three machine-made carpet manufacturing units with a capacity of 450,000 square meters
- One crude corn oil production unit with a capacity of 182,000 tons
- One fabric production unit with a capacity of 10 million square meters
- Four production units of multi-layer non-woven plastic bags with a capacity of 40,000 tons
- 12 steel structure production plants with a capacity of 125,000 tons
- One production unit for precast segmental construction parts with a capacity of 1.5 million tons
- Three licorice processing units with a capacity of 5,000 tons
- One medicinal herbs processing unit with a capacity of 1,200 tons

Auto Parts Manufacturing Units Including the Following:

- Two units of plastic automotive parts and components
- Four car filter units
- 26 units of metal parts
- Two units of electrical components
- One battery production unit
- Four car scrapping units

- One production unit of industrial investment casting parts (casting) with a capacity of 700 tons
- One municipal service machinery production unit with a capacity of 3,400 machines
- Two steering box manufacturing units with a capacity of 600,000 units

Among the Most Important Industrial Projects in the Province, the Following Can Be Mentioned:

- Construction of a 150,000 barrel refinery to produce petrol, diesel, etc., with a capacity of 3 million tons
- Petrochemical construction to produce Polypropylene, methanol and MTP with a capacity of 900,000 tons
- Kermanshah Petrochemical development plan to produce urea and ammonia with a capacity of 1 million tons
- Construction of a petrochemical unit to produce Ethylene glycol with a capacity of 6,000 tons

- Construction of a petrochemical unit to produce methylamine with a capacity of 22,000 tons
- Construction of a petrochemical unit to produce Ethylene propylene-diene monomer (EPDM) with a capacity of 50,000 tons
- Construction of a petrochemical unit to produce Formalin, Para-formalin and Hexamine with a capacity of 51,000 tons
- Construction of a Bioethanol production unit with a capacity of 66,000 tons
- Construction of two iron smelting industrial units to produce light steel ingots with a capacity of 300,000 tons
- Construction of crude corn oil production unit with a capacity of 182,000 tons
- Construction of Factory-made and European bread production unit with a capacity of 9,000 tons
- Construction of an industrial unit for bioimplant production with a capacity of 300,000 units
- Construction of an industrial unit for the production of packaging kraft paper with a capacity of 90,000 tons
- Construction of two industrial ferrosilicon production units with a capacity of 50,000 tons

2-1-1- Industrial Estates and Regions

Another most important industrial advantage of the province is the presence of numerous industrial estates and regions that cover all the provinces in the form of a balanced city distribution. These estates are at the shortest distance from the city centers (about 10 kilometers or less from the provincial capital or other cities near the locations), while having all the necessary infrastructures for various industries such as: water, electricity, telephone, gas, etc., have provided a suitable environment for investment in small and medium industries. Under Construction

Kermanshah province has 25 authorized industrial estates and regions, of which 24 estates and regions are governmental and one is a private industrial estate, of which 21 estates and regions are operated and in action, (one private, and 20 governmental industrial estates).

The total land at the disposal of cities and government industrial areas is about 2,500 hectares. The largest industrial estate in the west of the country (Zagros Industrial Estate) with an area of 1,100 hectares is located in the centre of the province, with a 13-year tax exemption and less than two kilometers from the railway and 10 kilometers from Kermanshah Airport.

2-1-2- The Main Advantages of Establishing Production Units in Industrial Estates

- No need to obtain separate permits from different departments
- Land assignment in cash and installments without bank interest
- Tax exemption of 13 years in less developed industrial estates and a 7-year exemption for all industrial estates and regions
- Providing suitable land for the implementation of industrial projects, according to the location and design carried out in accordance with the technical and engineering principles and the latest urban development methods
- Creating the necessary conditions for the synergy of the industries located in the industrial estates and regions, reducing the investment costs
- Reducing investment costs, and having easy and quick access to the facilities, that have been created, or will be created in the future, industrial parks or industrial areas, such as roads, water, electricity, gas, industrial sewage networks, telecommunications, internet, restaurants, medical emergency centre, bank branches, insurance office, etc., according to the physical development of industrial estate or region.
- The possibility of renting and buying small, readymade, and precast workshops in order to speed up the operation and production process.

■ Reducing the costs of infrastructure and investment, due to the use of organized and shared services, and co-location benefits.

■ Construction of 3 technological campuses in Zagros and Bisotun Industrial Estates

Table 2-1. Specialized and Special Support Services - Small Industries Located in Industrial Estates and Regions of the Province

Row	Service Title
1	Holding short-term training courses for employees and managers of small industries in various fields of entrepreneurship, expertise, management, skills, etc., focusing on the needs of industrial units and paying at least 70% of the cost of the courses in the form of subsidies.
2	Organizing industrial and exhibition tours with the aim of transferring experiences and increasing interactions and paying at least 50% of the cost of the tours in the form of subsidies.
3	Providing specialized consulting services through the system: eservice.isipo.ir and also through the Provincial Industry Clinic to small industries in the province (including troubleshooting and implementation of improvement projects and identifying and solving the technological needs of small industrial units in the province) and paying subsidies for the cost of all clinical services
4	Network and cluster development of small industries in order to improve their competitiveness by taking advantage of synergistic benefits and paying at least 40% of the cost of implementing collective cluster development programs in the form of subsidies.
5	Supporting the development of the market of small industries and paying subsidies for attending domestic and foreign exhibitions, equivalent to at least 40% of the expenses for attending the exhibition.

Continue the Table 2-1. Specialized and Special Support Services - Small Industries Located in Industrial Estates and Regions of the Province

Row	Service Title
6	Holding a free and mobile industrial consultation clinic and the presence of consultants in industrial estates to check the situation and monitor the problems of small industries, especially in the cities.
7	The possibility of providing specialized services and industrial consulting at the Kermanshah Technology and Business Services Centre located at the beginning of the entrance ramp of Bisotun Industrial Estate (the building where consultants and technical engineering service companies are located in the field of specialized services for small industries)
8	Creating and managing the regional technology market of Kermanshah Province in order to facilitate technology exchange
9	Organizing start-ups and supporting new ideas for the development of small industries
10	Supporting the sending or hosting of business delegations with the aim of developing the market of small industries and paying 50% of the expenses of business delegations approved by the Organization of Small Industries and Industrial Estates of Iran.
11	Supporting the formation of consortia and export networks of small industries with the aim of developing exports and helping to implement collective export development programs.
12	Cooperation with the Small Industries Investment Guarantee Fund with the aim of facilitating the verification process of obtaining bank loans by small industries

Continue the Table 2-1. Specialized and Special Support Services - Small Industries Located in Industrial Estates and Regions of the Province

Row	Service Title
13	Preparing a feasibility study for priority projects with the aim of attracting investors and financing them
14	Financial support for applied research projects and student theses related to the field of small industries
15	Efforts to restart the closed industrial units, through the provision of specialized and supportive services and holding meetings of the working group and the provision of advisory; supportive and specialized services.
16	Supporting Knowledge-based projects and industrial units and facilitating their establishment in industrial estates and regions.

Table 2-2. Characteristics and Infra structural Facilities of Active Governmental Industrial Estates and Regions of Kermanshah Province

Row	Industrial Estate/Region Name	The infrastructure facilities				The Completed Workshop Units	All the Owned Land (Hectars)	Industrial Land (Hectars)	City Name
		Water	Electricity	Gas	Telephone				
1	Faraman	❊	❊	❊	❊	50	227	167	Kermanshah
2	Kangavar and Development Phase	❊	❊	❊	❊	3	95	38.1	Kangavar
3	Eslamabad-e Gharb	❊	❊	❊	❊	4	17	64.3	Eslamabad-e Gharb
4	Bisotun	❊	❊	❊	❊	35	a74	128	Kermanshah
5	Sonqor and Development Phase	❊	❊	❊	❊	5	5a	50	Sonqor
6	Sarpol-e Zahab	❊	❊	❊	❊	-a	8a	32	Sarpol-e Zahab
7	Qasreshirin	❊	❊	❊	❊	4	3a	17.4	Qasreshirin
8	Gilan-e Gharb	❊	❊	❊	❊	-a	6a	15.4	Gilan-e Gharb
9	Ravansar and Development Phase	❊	❊	❊	❊	7	4a	3a	Ravansar
10	Paveh	❊	❊	❊	❊	8	1a	2a13	Paveh
11	Zagros and Development Phase	❊	❊	❊	❊	4a	0a11	4a7	Kermanshah
12	Sahneh	❊	❊	❊	❊	0	0a	0a54	Sahneh
13	Javanrud	❊	❊	❊	❊	-	6a	8a34	Javanrud
14	Harsin	❊	❊	❊	❊	5	4a	4a	Harsin
15	Mersad	❊	❊	❊	❊	5	8a	2a	Eslamabad-e Gharb
16	Gur-e sefid	❊	❊	❊	❊	-	6	0	Gilan-e Gharb

Continue the Table 2-2. Characteristics and Infra structural Facilities of Active Governmental IndustrialEstates and Regions of Kermanshah Province

Row	Industrial Estate/Region Name	The infrastructure facilities				The Completed Workshop Units	All the Owned Land (Hectars)	Industrial Land (Hectars)	City Name
		Water	Electricity	Gas	Telephone				
17	Ab Barik	❊	❊	❊	❊	-	25	18.1	Sahneh
18	Dalahu	❊	❊	—	❊	-	90	47	Dalahu
19	Salas-e Babajani	❊	❊	—	❊	4	48	8.5	Salas-e Babajani
20	Qasreshirin Border	❊	❊	—	❊	-	75	40	Qasreshirin
Total		21	21	17	21	214	2464	1517	

2-1-3- Mineral Advantages and Capabilities

Kermanshah Province, having more than 1.1 billion tons of identified reserves, has about **2% of the country's total mineral reserves**, and 20 out of 68 types of minerals identified in the country, are available in this province, including the following: Bitumen, Decorative stones (including 4 types of Marble, Limestone, Travertine and Granite), Crushed stone, Mixed rock, Gypsum, Feldspar, Industrial soil, Dolomite, Silica, Mica, Calcite, Manganese, Iron ore (Hematite and Magnetite) , Copper, Lime and Marl, Pozzolan, precious and semi-precious stones.

This province has the **first rank in the country in terms of natural bitumen** reserves and in terms of decorative stones; Kermanshah has a good position in the country for instance, the marble of Harsin has a global reputation.

At present time, there are 222 active mining licenses, with an employment equal to 2,289 persons in the province. This diversity and relative richness, as well as the wide scope of marketers and job creativity from exploration to exploitation and upstream industries, have provided special opportunities for the growth and development of mining activities. It should be noted that in the western regions of the Province, there are great capacities in the oil extraction land and as a result of its processing at the level of the province.

Gilan-e Gharb Natural Bitumen Mine

Harsin Marble Quarry

Table 2-3. The Most Important Mineral Capacities of Kermanshah Province

The presence of 28 natural bitumen mines with a definite reserve of 1.3 million tons in the Province, (75% of the country's natural bitumen reserves and the first rank in the country)
The presence of 50 mines of decorative stones (Marble and Dolomite marble), with a definite reserve of 41 million tons and an annual extraction of 721,000 tons.
The presence of Limestone and Marl mines with a definite reserve of 355 million tons and annual extraction of 4.2 million tons.
The presence of 9 Gypsum mines with a definite reserve of 40 million tons, and an annual extraction of 470,000 tons.
The presence of 4 feldspar mines with a definite reserve of 3.2 million tons and an annual extraction of 47,000 tons.
The presence of 4 silica mines, with a definite reserve of 19 million tons and an annual extraction of 95,000 tons.

Source: The General Department of Industry, Mine and Trade of the Province

2-2- Industrial and Mining Incentives and Exemptions

- The possibility of providing a part of the financial resources needed by the project in the form of banking facilities with minimum fees
- The possibility of national land allocation in minimum time by the relevant organization
- Providing the infrastructure facilities needed by the project such as water, electricity, gas, etc., in minimum time.
- The producers of export goods are entitled to the export bonuses in proportion to the products exported abroad
- The possibility of land allocation in all industrial estates of the province with special conditions and facilities for industrial and mining projects
- Exemption of commercial profit for the entry of capital industrial machinery
- Commitment to provide raw materials and feed for downstream industries for at least 10 years at export price
- Removal of regulations leading to the imposition of unrelated and overhead costs for the production of materials in order to create stability in the economic calculations of the production of minerals.
- The establishment of an insurance fund for the investment of mining activity to cover all or part of the financial losses of prospectors and exploiters.

- 10-year tax exemption for production and mining units located in less developed areas of the province and a tax exemption of 13 years for those located in special economic zones or industrial estates (specially for less developed areas)
- 5-year tax exemption for production and mining units located in the developed areas of the province and a 7-year tax exemption for those located in special economic zones or industrial estates (special for developed areas)
- The tax exemption of the total taxable income of industrial units will continue until it reaches 2 times the registered and paid capital, at the rate of 100% in less developed areas and at the rate of 50% in other areas.
- Persons who provide cash income (investors) to finance the project-plan and working capital of production enterprises in the form of partnership contracts, equivalent to the minimum expected profit of partnership contracts (facility profit) are exempted from paying income tax.
- If investment in different economic sectors leads to product export, 100% of the income from the export of services and non-oil goods and 20% of the income from the export of raw materials will be taxed at a zero rate.
- Annual increase in the length of the tax exemption period in case of an annual increase of at least 50% in the workforce employed during the exemption period (especially for production and service units with more than 50 employees).

- 100% of the income of hand-knotted carpet workshops will be calculated with a *zero* tax rate.

- The import of machinery and production line equipment for authorized production, industrial and mining units subject to the determination of The Ministry of Industry, Mine and Trade (MIMT or abbreviated as SAMT in Farsi) are exempted from payment of import duties.

- The import of goods used in the production, completion, preparation, and packaging of export goods is temporarily exempted from all funds related to import except those related to costs or fees by providing a guarantee to the customs.

- In the case of imported goods and materials used in the manufacture of export goods that have been definitively cleared from customs, the funds paid for definitive importation can be refunded after the product is issued at the time of issuance.

- The import duties collected from the same imported goods that are exported from the country and the materials of consumer goods and foreign packaging materials used or consumed in the production, completion or packaging of the exported goods in compliance with the provisions of this law and its executive regulations with taking the time of arrival of the goods must be returned to the exporter.

- If domestically produced goods are sold to persons who are exempted from importing similar foreign goods, the funds paid for importing the goods, materials, components and parts used in its production will also be returned to the seller according to the provisions of this law.

■ One hundred percent (100%) of the income from the export of various goods that are imported or imported to the Islamic Republic of Iran in transit and are exported without any change in nature or by doing any work on it is exempt from tax.

2-3- Investment Incentives and Exemptions for Free Trade-Industrial (FTZ) and Special Economic Zones (SEZ)

2-3-1- Free Trade-Industrial Zones

- Tax exemption (income and property tax) for 20 years for natural and legal persons who are engaged in various economic activities in the free-trade zone from the date of use.

- Commercial exchanges between regions and abroad after Customs registration are excluded from the scope of export and import regulations.

- The import of goods produced in the free zone to other parts of the country, up to the value added in that zone, with the approval of the Council of Ministers, are exempted from paying all or part of Customs duties and commercial interest.

- The importation of goods that all or part of the raw materials are procured from within the country and produced in the free zone will be exempted from all or part (proportionately) of Customs duties and commercial profits related to domestic raw materials.

- The possibility of 100% foreign investment without Iranian participation (leasing land to foreigners is permitted in these areas).

- Issuing employment permits and no need for entry/exit visas for foreigners

- Other investment incentives include: No need for visa for foreigners; no restrictions on currency transfers, flexible finance and banking services, and simple formalities for re-export and transit of goods, appropriate rates for energy consumption.

2-3-2- Qasreshirin Free Trade-Industrial Zone

Qasreshirin Free Trade-Industrial Zone with an area of 7,223 hectares in the west of Iran and at the border point adjacent to the Republic of Iraq, with the aim of developing the infrastructure of the entire region and turning it into one of the hubs for the export of goods, with a focus on complementary and process manufacturing industries, attracting and developing new technologies, facilitating production and trade and active presence in international markets (the gateway towards the market of West Asian countries) have been established and it is known as the gateway to the transformation and development of Kermanshah.

2-3-2-1- Advantages and Capabilities

- The very high capacity of surface and underground water and the possibility of establishing water-bearing industries due to the presence of the tropical system in the Free zone.

- Being adjacent to the Iraqi Kurdistan Region and the Arab Region of Iraq, through the Parvizkhan Border as the largest and most voluminous export border of Iran after Bandar Abbas and Khosravi Border as the closest land border of the country to the Holy City of Karbala, with the possibility of road connection as well as the possibility of rail and air connection in the future. More than 50% of non-oil exports to Iraq take place through these two borders. Qasreshirin city has 186 kilometers of common border with the Republic of Iraq.

- The possibility of connecting to the railway network of the country in the future and the possibility of connecting to Iraq's Rail Network and Latakia Port in Syria and also connecting to the Mediterranean Sea and having access to European and North African markets.

- The presence of Karbala International Highway from Tehran to Khosravi and from there to Iraq

The presence of suitable accommodation centres and hotels (a number of 14 hotels and accommodation units with a capacity of 322 rooms and 1,200 beds)

- The existence of ethnic and religious commonalities and, moreover, the history of relations with the country of Iraq.

- The presence of raw materials for agricultural and livestock process manufacturing industries in the region, such as: Wheat, corn, peas, medicinal herbs, etc.

- Being adjacent to oil resources and rich mines (the first rank of natural bitumen in the country) in Naftshahr, Sumar and Gilan-e Gharb areas.

2-3-2-2- Incentives and Special Support

- Exemption from paying Customs duties and commercial interest regarding the import of machinery and raw materials for the purpose of investment

- Land assignment in installments

- Economical and cheap warehousing

- The possibility of regional participation with investors interested in participation

- Determination, confirmation, and order registration of raw materials and foreign machines by the Free Zone Organization.

- Registration of companies by the Organization of Free Trade Zones, itself within 24 hours

- Supporting Knowledge-based projects and providing special services in their implementation process

- Being adjacent to both the Kurdistan and Arab Region of the Iraqi Central Government through the two official borders of Parvizkhan and Khosravi with the possibility of road connection as well as the possibility of rail and air connection in the future.

- Preparation for attracting domestic and foreign investors in the fields of industry, services, agriculture, petrochemical, mining, and tourism.

2-3-3- Special Economic Zones

- Commercial exchanges of the Zones with foreign countries or with other Special economic zones and Free trade-industrial zones are exempted from Customs duty, commercial profits, and all import and export duties under any title after registration in the Customs and are **NOT** subject to the restrictions and prohibitions of the import and export regulations, with the exception of the legal and *Sharia* Restrictions and Prohibitions, and the commercial exchanges of the Zones with other parts of the country, with the exception of the above-mentioned zones, are subject to the regulations of exports and imports.

- The entry of goods from abroad or from Free trade-industrial zones into the Special Zones will be done with minimal customs formalities, and the internal transit of the goods imported into the region will be done according to the relevant regulations.

- Goods imported from abroad or from Free trade-industrial zones or other Special zones can be exited from the country without any formalities.

- The management of the Special zones can assign the right to provide its sections to qualified natural or legal persons after classifying and valuing the Special zones

- The owners of goods imported to the Special zones can declare all or part of their goods to the customs for temporary entry into the country and clear them by following the relevant regulations

- Goods produced or processed in the Special zones while being entered into other parts of the country will be regarded as domestic production and exempted from paying of Customs duty at the total amount of value added and the value of domestic raw materials and domestic parts used in it.

- Raw materials and foreign parts used in manufactured or processed goods are allowed subject to the payment of Customs duty, and in terms of raw materials and domestic parts.

- The management of each Special zone is allowed to issue Certificates of Origin (CO) for exported goods that leave the Special zone with the approval of Iranian Customs, according to the request of the applicant. Banks of the country are **obliged** to accept written certificates.

- Customs is **obliged** to accept the request of the goods owners for the transit of goods and direct transportation from other points of entry to the Special zones and to provide the necessary facilities in this regard.

- Mandating the (Land Registry) or Deeds and Properties Registration Organization of Iran, regarding the registration of companies or representative branches of companies that intend to operate in the region, regardless of the amount of their domestic or foreign shares, as well as the registration of material and spiritual properties in the Special zones

- All goods that are imported to produce or to provide the required services in the Special zones are waived from the general regulations of exports and imports.

2-3-4- Zagros Special Economic Zone (Eslamabad-e Gharb)

Zagros Special Economic Zone in Eslamabad-e Gharb city with an area of 850 hectares and with the aim of economic growth and development, building commercial and industrial hubs and reducing production costs in order to be present in the regional and global markets by using the available capacities in the Special Zone.

2-3-4-1- Advantages and Capabilities

- Presence of more than 600 hectares of land that can be assigned with infrastructure facilities
- Located in the Northwest-Southwest Corridor of the country
- The presence in the path of international transport corridors and the East-West Corridor and vice versa
- The capability of being connected to the national rail network (Kermanshah-Khosravi Route in line with the rail connection between West Asian and East Asian countries.

2-4- Incentives and Special Investment Support for Industrial and Mineral Knowledge-based Manufacturing Units

- Exemption from paying taxes, Customs duties, commercial profits, and export duties for 15 years

- Knowledge-based companies can use this exemption for imports related to Knowledge-based activities, including the following:

  - Production line machinery in line with the production of Knowledge-based goods
  - Laboratory equipment, testing and quality control
  - Goods for the purpose of reverse engineering
  - Goods and parts for making Knowledge-based products up to the prototype level

Tax support for the development of innovation and Knowledge-based economy:

- If the hereinafter conditions are met, the expenses incurred will be granted to the applicant companies and institutions as a tax credit with the ability to be transferred to future years, and the equivalent will be deducted from the determined tax of the year of the expenditure or the following years:

◆ (A) The equivalent of the cost incurred for research and development activities, including the research and development contracts of production units with research and development units with one of the university units and related higher education and research centres, with the priority of the province where that industry or production unit is located.

◆(B) A maximum of 30% of direct investment by companies accepted in the Tehran Stock Exchange or the Primary or Secondary over-the-counter markets (called *Fara Bourse*) or companies with a registered capital of at least a thirtieth part of the appropriated capital for the Innovation and Prosperity Fund in Knowledge-based and technological companies and institutions

◆(C) Indirect investment of the companies mentioned in *Section (b)* in establishing or increasing the capital for research and technology funds subject to *Article (44)* of the *Law on Removing Obstacles to Competitive Production and Improving the Country's Financial* system and investment funds and institutions subject to *Sections (20) and (21) of Article (1)* of the *Securities Market Law* of the Islamic Republic of Iran approved in 2005, whose activities in financing technology and innovation and Knowledge-based activities have been approved by the *Steering Council of Knowledge-Based Technologies and Productions*.

■ Research, technology and engineering units located in Science and technology parks possessing legal advantages of Free zones, regarding labour relations, tax exemptions; foreign investment duties and international financial exchanges in order to create and to develop Knowledge-based companies and institutions and to strengthen international cooperation, for the purpose of carrying out assigned missions.

■ The possibility of companies and Knowledge-based institutions and technological units located in growth centres, science and technology parks benefiting from part of the income or facilities of non-governmental institutions and public institutions in order to complete the value chain and to produce priority strategic items, including high-value items with a foreign currency outlay cost of more than one million dollars as well as sensitive goods in the field of food security, defense, health, industry, and country's security in the form of a partnership and cooperation agreement.

- The possibility of accepting definite demands of companies and Knowledge-based institutions and technological units located in growth centres and science and technology parks in regard to contracts related to executive bodies subject to *Article (5)* of the *Civil Service Management Law*, Armed Forces, and groups under the supervision of the Supreme Leader with His permission as valid guarantees for work referral process, fulfillment of obligations, advance payment and effective work performance and obstructing the applicant's demands until the fulfillment of obligations to the same extent. Moreover, if the amount of the applicant's demand is less than the amount of the desired guarantees, the applicant must provide a valid guarantee just equivalent to the deficit of the claims.
- Issuing Title Deeds for those buildings that are built by the private sector and cooperatives in the lands of the Science and Technology Park. Furthermore, the possibility of handing over the right of proprietary exploitation and permission to use the lands belonging to science and technology parks and other lands at the disposal of the park to Knowledge-based, technological and innovative companies within the framework of the approvals of the board of trustees and its approved master plan, in the form of partnership contracts with Private sector, long-term lease or

definite assignment, subject to no land use conversion and exclusive exploitation within the framework of the park's missions.

- Exclusion of the offices of Knowledge-based companies from commercial use in the completion of *Section (24) of Article (55)* of the *Amended Municipal Law* approved in 1973.
- The possibility of establishing Knowledge-based companies and institutions, science and technology parks, and creative units (non-governmental natural and legal entities active in the field of cultural industries and humanities, social sciences, and New technologies) in the properties, land, and buildings of the subject executive bodies. *Article (5)* of the *Civil Service Management Law* without transfer of ownership and within the framework of relevant laws and regulations.
- Exemption of employees working in science and technology parks from paying income tax
- The possibility of waiving formalities of the *Law on Holding Low-bid Procurements for the Purchase of Knowledge-based Products* that are produced for the first time in the country and do not have domestic equivalents from Knowledge-based institutions, companies, and technological units located in growth centres and Science and technology parks, innovation centres of the Islamic Azad University, Academic Centre for Education, Culture and Research, and its creative units in order to promote the market of Knowledge-based products.
- The possibility of employing the employees of companies and Knowledge-based institutions or their board members and CEOs as legal representatives in

addition to using lawyers to file any lawsuits or defend or prosecute related lawsuits, along with the cases specified in *Article (35)* of the *Law of Procedure General and Revolutionary Courts (in civil affairs)* approved in 2000, subject to having a bachelor's degree or higher in the field of law, or two years of experience in judicial work, legal counsel or legal advice, subject to having no previous disqualification from employment as a judge or lawyer.

- Applying the joint investment of banks and credit institutions with the Innovation and Prosperity Fund in projects approved by the Steering Council of *Knowledge-Based Technologies and Productions* as a banking activity and being excluded from the inclusion of *Section (b) of Article (16)* of the *Law on Removing Obstacles to Competitive Production and Improving the Country's Financial System* approved in 2015 (possibility of increasing the time period for completion and withdrawal of investment up to a maximum of 7 years from the starting time)

- Discount on fixed tax (subject of *Article (105)* of the *Direct Tax Act*), equivalent to the expenses incurred during the schedule up to the amount of expenses included in the approved research and development plans and projects based on the announced strategies and priorities, carrying out the aforementioned expenses for the mentioned year or years after that.

- Acceptance of the *Guarantee of Innovation and Prosperity Fund*, the Export Guarantee Fund and the Non-Governmental Fund of *Research and Technology* with compliance with validation and credit rating regarded as valid and accepted guarantees by Customs

Saman-e Gharb Cement

Chapter III

Advantages, Capabilities, and Incentives of the Province in the Agriculture Sector

Wheat Field- Mahidasht

3-1- Advantages and Capabilities of the Agriculture Sector

Agriculture and animal husbandry, ever relied on three factors, namely water, soil, and climatic conditions and fortunately, agriculture in Kermanshah Province could be regarded as a leading economic sector and one of the axes of the province's development due to having all the above factors. Thanks to the above-mentioned conditions, Kermanshah Province is considered one of the important hubs of food security in the country.

Kermanshah Province, due to its annual rainfall of **about 475 mm, which is twice as the average of the country**, is one of the provinces that has a relatively favorable situation in terms of water resources (surface and subsurface). The soil of the province is also fertile and has the possibility to plant all agricultural crops except bananas and coconuts. Furthermore, due to having favorable weather conditions and four seasons in the province, it is possible to replant crops in some areas of the province. It should be noted that Kermanshah is one of the richest provinces of the country in terms of **plant species diversity due to the presence of the largest number of plant species**, of which about 208 species are medicinal herbs.

Agriculture

In general, it can be said that thanks to the presence of suitable environmental conditions, water resources and fertile lands, the province has a relatively high ability in various fields of agriculture, horticulture and animal husbandry (livestock, poultry and beekeeping) and aquiculture.


Beet Field

The area of agricultural lands of the province is about 945,000 hectares, which includes approximately **five percent** of the total agricultural lands of the country, and from this point of view, the province **ranks fourth** in the country. With respect to the total land area of the province, around 899,000 hectares are agricultural lands and 43,000 hectares are gardens (including winter-hardy and non-hardy crops).


Chickpea Dryland Farming

Around 79 percent of the agricultural land with an area of nearly 715,000 hectares is in dry farming, of which 26,000 hectares are flat plains. It is necessary to explain, as mentioned before, due to the weather conditions, there is a possibility of a second cultivation of some crops such as corn and Sorghum in the province. Furthermore, by using the tropical system, it is possible to develop irrigated agriculture on the level of more than 15,000 hectares of the dry lands of the province.

The most significant agricultural products of the province include **Wheat** (ranking 4th), **Barley** (ranking 1st), **Chickpeas** (ranking 1st), **Sugar beet** and **Rapeseed** (ranking 4th) in the country in terms of cultivated area and production amount and **Corn** (ranking 1st) in the country in terms of crop yields per unit area, **Roasted In-shell Sunflower seeds (Tokhme-ye Sonqori), Sorghum, Fodder crops, Cucurbit fruits**, and **Vegetables.** In addition, the province **ranked first in the field of Sugar beet** production in terms of crop yields per unit area.

In general, thanks to the suitable conditions, the above mentioned capacities and capabilities, Kermanshah Province has been provided by an outstanding situation in the field of producing all kinds of agricultural products, have led to the establishment of more than 412 units of complementary and process manufacturing industries with a processing capacity of more than 5 million tons of production per year, among which we can mention: Tomato paste manufacturers, processing and oil extraction unit from all kinds of oilseeds, hybrid corn seed manufacturing companies, wheat and barley grains winnowing and disinfection units, livestock and poultry feed producing units, poultry slaughterhouse units, corn drying units, double-circuit cold storage warehousing with a capacity of 75,000 tons, Kermanshahi Ghee (Clarified butter) processing and packaging units, Herbal Distillates production units, canned bean manufacturing unit, chickpea and other legumes laser sorting units, seed processing and packaging units especially Roasted in-shell Sunflower seeds, raw milk processing units (pasteurized dairy products), wheat flour production units, etc.

It should be mentioned that nowadays the production of out of season agricultural products is very important due to the special commercial conditions of the province and the possibility of exporting them from its borders, so the **construction and development of greenhouse** units is very important and noteworthy.

Greenhouse Cultivation

Cold Storage Warehousing of Agricultural and Garden Plant Products

Table 3-1. The Main Products of the Province by City Separation

Row	City	The Main Products Produced in the Agriculture Sector
1	Kermanshah	Wheat-corn-barley-sugar beet-legumes-drupes (stone fruits)-small seeded fruits-vegetables and Cucurbit fruits-animal husbandry-bee keeping
2	Eslamabad-e Gharb	Sugar beet-wheat-barley-legumes-fleshy simple fruits-animal husbandry
3	Dalahu	Wheat-legumes-fleshy simple fruits-drupes (stone fruits)-small seeded fruits-animal husbandry-fisheries
4	Sarpol-e Zahab	Corn-legumes-vegetables and Cucurbit fruits (tomatoes, cucumbers, and potatoes)-Drupes (stone fruits)-animal husbandry
5	Gilan-e Gharb	Wheat-fodder-animal husbandry-small seeded fruits
6	Qasreshirin	Vegetables and Cucurbita fruits-small seeded fruits-citrus fruits-dates and fisheries
7	Sonqor	Wheat-sunflower seeds-legumes-fodder-fleshy simple fruits-drupes (stone fruits)-small seeded fruits-animal husbandry
8	Javanrud	Drupes (stone fruits)-small seeded fruit-dried fruits and animal husbandry
9	Ravansar	Wheat-corn-rapeseed-barley-small seeded fruits-vegetables and Cucurbit fruits-animal husbandry
10	Paveh	Small seeded fruits-dried fruits-pomegranate and fisheries
11	Sahneh	Sugar beet-vegetables and Cucurbit fruits-Drupes (stone fruits)-small seeded and fleshy simple fruits-dried fruits-medicinal herbs-animal husbandry-bee keeping
12	Kangavar	Wheat-oilseeds-barley-fodder-vegetables and Cucurbita fruits-Drupes (stone fruits)-small seeded and fleshy simple fruits-dried fruits-medicinal herbs-animal husbandry-fisheries
13	Harsin	Wheat-corn-sugar beet-fodder-legumes-vegetables and Cucurbit fruits (potatoes and onions)-fleshy simple fruits- Drupes (stone fruits) -dried fruits-medicinal herbs-animal husbandry-bee keeping
14	Salas-e Babajani	Wheat-seeded fruits (apples)-small seeded fruits-dried fruits-animal husbandry

Source: The General Department of Provincial Agriculture Jihad

From among other capabilities of the province's agricultural department in the field of livestock and poultry is Sanjabi Sheep breeding and production and furthermore the Kurdish Horse breeding. In fact, from many years ago, the main origin of Kurdish Horse have been traced and bred and grown in this province and then, have been distributed and spread to other regions nationwide, and even other parts of the world.

Table 3-2. Production Statistics and the Available Storage Capacity of Agricultural Products in the Province

Row	Title	Function
1	Agricultural Production	3.8 million tons per year
2	Garden Plant Products Production	340 thousand tons per year
3	Livestock Products Production	532 thousand tons per year
4	Fishery Production of Every Description	21 thousand tons per year
5	Storage Capacity of Grains	53 Silos with a Capacity of More Than 1.5 million tons
6	Food Storage Capacity (Cold Storage)	With a Capacity of 75,000 Tons Altogether

3-2- Investment Incentives and Exemptions in the Agriculture Sector

- The possibility of handing over lands of national resources to agricultural projects with the least possible rent or even for free
- Issuing the necessary licenses for the activity of the agriculture sector and also issuing the license to *change the use* in the least possible time
- Providing advice to investors to choose the type of activity, the location of the project and to obtain an activity license for free
- Financial support for projects and introduction to the relevant authorities to receive facilities at lower rates than the conventional bank interest rate, including from the sources of the National Development Fund, technical assistance credits, etc.
- 100% tax exemption on income for the export of finished products of the agriculture sector and its complementary and process manufacturing industries.
- 100% tax exemption on income from all activities of agriculture, animal husbandry, fish farming, poultry, beekeeping, fishing and fisheries, silk farming, restoration of pastures and forests, tree gardens of all kinds and plants
- Exemption of agricultural projects and industries related to agriculture from paying the employer's paid insurance premiums
- Having a customs exemption for the import of essentials and machinery needed for agricultural projects

- The possibility of Issuing Title Deeds in land assignment projects by the Agricultural Parks Company (APCP) in the form of lease contracts under Lease-purchase contracts, after the implementation and exploitation of the project.

3-3- Incentives and Support for Knowledge-Based Investment in the Agriculture Sector

- It is possible to pay low-cost facilities through operating banks and from the approved credits of the Ministry of Agriculture Jihad to Knowledge-based companies that use agricultural technology and technological inputs to reduce the cost of producing agricultural products and improve productivity, including in the field of Intelligent distribution of agricultural products, smart agriculture, development of Hydroponics and Aeroponics, etc.

- Helping to create up to a thousand hectares of model farms annually up to 20 provinces, including Kermanshah Province, through Knowledge-based companies, with priority implementation in the farms of agricultural colleges and universities, with the aim of optimizing the production of various agricultural and animal husbandry products through approved credits provided by the Ministry of Agriculture Jihad with the cooperation of *Bank Keshavarzi Iran* also known as *Agribank* and the *Innovation and Prosperity Fund.*

The possibility of paying direct subsidies to agricultural businesses that use agricultural technology and technological inputs by the Ministry of Agriculture Jihad and within the framework of laws and regulations in order to reduce the cost of producing basic agricultural products by improving productivity

Granting a special discount by the *Agricultural Insurance* Fund for the share of producers of technological products, especially the executive operations of dense fisheries and certified Tissue culture products in order to support the production of basic agricultural goods.

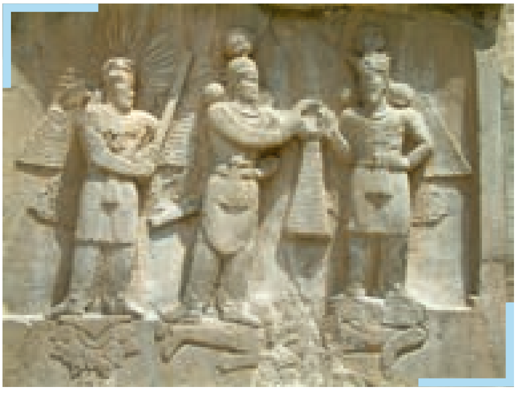
Chapter IV

Advantages, Capabilities, and Incentives of the Province in the Tourism Sector

4-1- Advantages, Capacities and Capabilities of the Province in Tourism (Historical and Natural)

Kermanshah Province has rich historical records. According to historical experts, Kermanshah has **4,000 known** historical works of which more than **2,200 have been registered in the National register**. After Shiraz and Susa (Shush), it **ranks third in ancient artifacts**. Important ancient and historical monuments such as Bisotun Inscription (rock relief) and Taq-e Bostan Historical Site are located in the environs of Kermanshah city.

The province has **50 tourism regions** and **14 tourist centers** with more than **90 tourist attractions**.



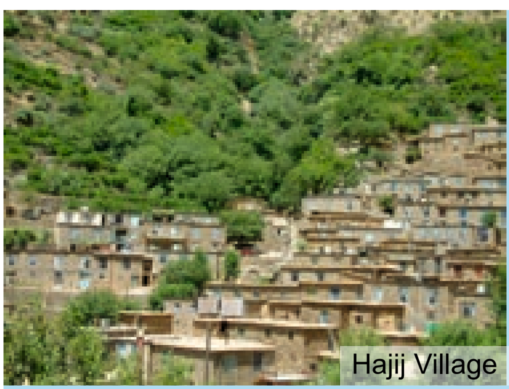
The most important historical and natural tourist attractions of the province are: *Bisotun* Historical-Cultural Area, *Taq-e Bostan,* The traditional market, *The Congregational Mosque of Kermanshah (Masjed-e Jame')*, Rock-cut tombs, Ganj Darreh Historical Hill, *Dariush Inscription, Shah Abbasi Caravanserai, Anahita Temple*, Nilufar Spring *(Sarab-e Nilufar),* Sahneh Darband Spring *(Sarab-e Darband-e Sahneh)*, Rijab River, *Yazdgerd* Castle, *Abu Dojaneh* Tomb, *Quri Qal'eh* Cave, Ravansar Spring, Rijab Waterfall, Hajij Village, Shamshir Village, Bazi Deraz Mountain, Deireh Rock tomb

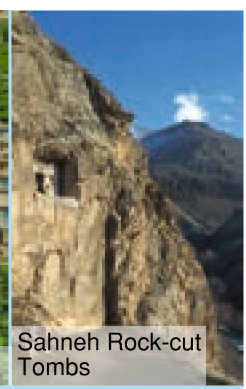

Nilufar Spring (Sarab-e Nilufar)

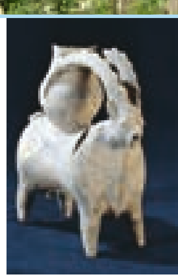

Quri Qal'eh Cave

There are **14 official museums** in Kermanshah Province, which welcome more than 260,000 visitors every year. There are **60 mirages**, amongst the natural attractions of the province, the largest of which is the **Hashilan Spring** which **has an area of over 1,100 hectares.**

It should be mentioned that along with many attractions and sites, which have been registered at the national level of the province, the historic complex of Bisotun and Uramanat Region have been added to the Memory of the World International Register and today they have a special place. Furthermore, it should be noted that currently there are **131 official accommodation centers** with a capacity of over 3,250 persons in the province, which domestic and international tourists are always welcomed with open arms.


Hajij Village


Sahneh Rock-cut Tombs




Hashilan Wetland

4-2- Advantages and Capabilities of the Province in Artisanal Handicraft Sector

The number of common handicraft fields in the province is more than 60, the most prominent of which are rugs and carpets, handmade shoes called *Giveh,* traditional instruments, which can also include flat tapestry-woven rugs called *Jajim rugs*, knife making, Artistic metalworking (Toreutics) tools, Marquetry called *Monabbat kari,* Wooden Mosaic *(Moarraq kari),* Joinery, Felting, and Leather products, etc. Nowadays, in addition to being welcomed by domestic consumers, handicrafts of the province are also exported to foreign countries.

Another most important production capacity of the province is in the field of hand-woven and hand-knotted rugs, which has gained international fame with its Sonqor-o Koliai carpets (possessing 30 specific patterns) being listed in the World Registry. Nowadays, there are 89,000 rug weavers in the province and their products, which amount to 90,000 square meters annually, are exported to different countries of the world including Germany, Italy, the United States, Greece, etc. The province ranks 12th in the field of hand-woven rugs production in the country.

Shah Abbasi Caravanserai

4-3- Advantages, Capacities and Capabilities of the Province in Tourism (Heath Tourism)

The special location of the province and its proximity to the Republic of Iraq, and especially to the Kurdistan Region of Iraq provides a good opportunity for the development of medical tourism services, and the province always hosts many patients from abroad. It should be noted that a significant part of medical tourism visits to the country is from Iraq and Kermanshah Province is among the top 10 provinces in the country in the field of health tourism.

The significant investment of the private sector along with the capacities created by the public sector has caused the operation of more than 25 hospital complexes in the province providing services at the moment, which this capacity, along with the ongoing programs in order to upgrade the level of equipment and services of some of them are at the international and general levels, in the case of private sector investment, we will witness a significant improvement of medical services at the provincial level which would conduce to the prevention of further foreign patients visiting the central provinces such as Tehran, Shiraz, etc., therefore the realization of this issue can stabilize the position of the province as the hub of health tourism in the country.

There is no secret that the development of medical services in accordance with the level of expectations of the abovementioned category of patients, therefore, in addition to the treatment sector, their presence along with their companions in the province, can contribute to the development and prosperity of other service sectors such as tourism, transportation, trade, and commerce in the province,

Pezeshkan Pavement

4-4- Incentives and Exemptions for Tourism and the Artisanal Handicraft Sector

- With regard to the *Law on the Formation of the Ministry of Cultural Heritage, Tourism, and Handicrafts,* considering the field of foreign financing *(Finance),* at least 10% of the country's finance quota shall be allocated to the development of tourism and handicraft projects.
- 50% tax exemption for all Iran-tourism and *world-wide* tourism facilities which do possess operating licenses for a period of 6 years
- Granting special powers to the governors regarding assignment and approval of tourism plans at the provincial level only in the planning and development council of the province.
- 10-year tax exemptions for hospitals, hotels, and tourist accommodation centres located in less developed areas and 5-year exemptions in regard to other areas
- Tax exemption for hand-woven rug workshops and handicrafts
- Social insurance coverage for Artisans who are identified, in case of full-time employment
- Exemption from employer's paid insurance premiums regarding the small handicraft workshops up to 5 workers
- In regard to hotels, exemption from pricing regulations based on the approval of the *Program and Budget Organization* No. 62/1924, dated 26th July

1992, which bears the meaning of applying service rates by the hotel management in accordance with their internal policies regarding time and conditions.

- Providing free places in international tourism exhibitions and also paying facilities at rates lower than the rates approved by the *Money and Credit Council* for creating, developing, and equipping artisanal handicraft workshops.

- In order to accelerate the development of hotels, resorts, and other tourism facilities with the request of the Organization of Cultural Heritage, Handicrafts, and Tourism:

◆**(A)** The National Land and Housing Organization is **obliged** to provide investors with the required land at the appraised value in the form of 5-year Lease-purchase contracts.

◆**(B)** Changing land use for the establishment of hotels with the proposal of the Organization of Cultural Heritage, Tourism, and Handicrafts in the Commission of *Article (5)* of the *Law on the Establishment of the Supreme Council of Urban Planning and Architecture of Iran*, will be extraordinarily reviewed and acted upon.

◆**(C)** Charges regarding the 'change of use' and gaining more sales and supply by providing more floor area ratio, will be paid by the investors to the relevant municipality in installments of five (5) to ten (10) years since its coming into operation.

- According to *Article (6)* of *Iran-Tourism and World-wide Tourism Industry Development Law* (approved in 1991), the Organization of Urban Land, municipalities, the natural resources and watershed management organization, including other relevant ministries and organizations are **obliged** to provide the applicants with the 'required land' for the construction of Iran and world-wide tourism facilities with the proposal of the *Organization of Cultural Heritage, Tourism, and Handicrafts* at regional or finished land values so that it would not reduce public income.

According to *Article (12)* of the *Executive Regulations of Iran Tourism Industry Development Law*, in regard to paying for issuing construction permit fees, the Iranian-tourism and world-wide tourism facilities, travel agencies, and other similar facilities, including institutions inside tourism facilities are subject to the industrial tariffs. Furthermore the municipalities are **obliged** to receive the prescribed fees and payments from the abovementioned facilities (which are exempt from *Gross Floor Area* fees except for other renovation fees), and evaluate fees only in the case of the building. In this regard:

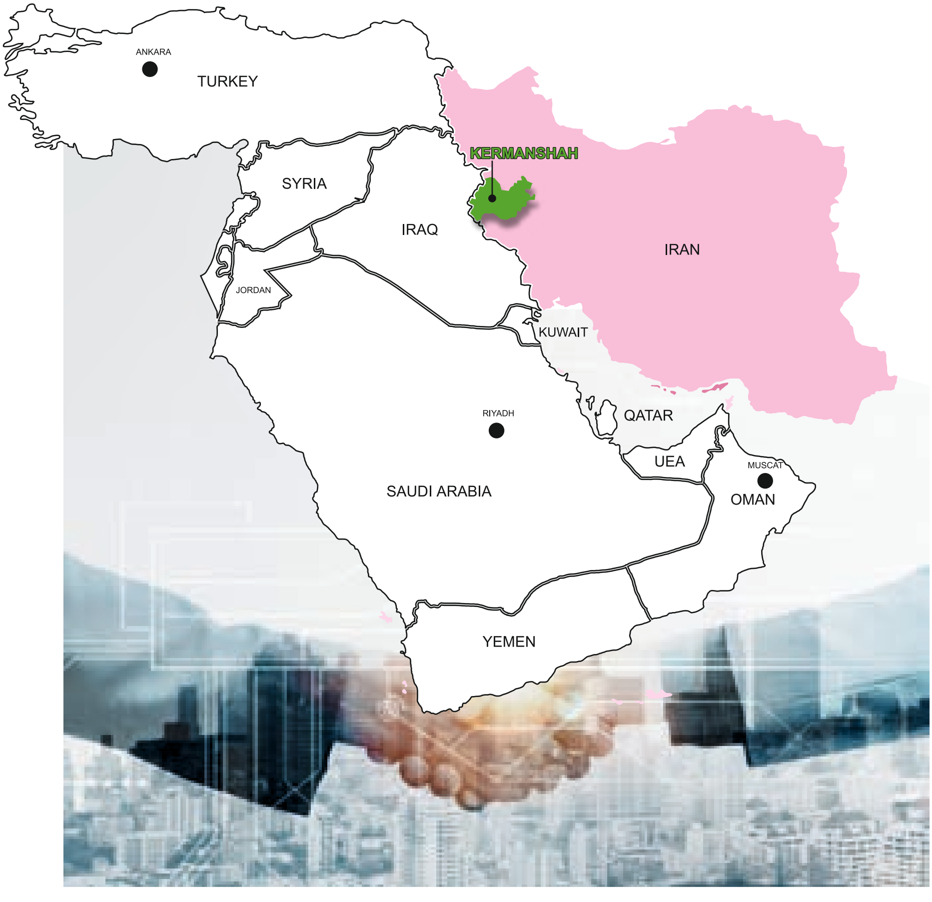
◆**(A)** Municipalities are **obliged** to calculate and receive prescribed fees based on the tariff of the industrial sector with a maximum discount to increase the infrastructure of Iran-tourism and world-wide tourism facilities.

◆**(B)** Iran tourism facilities and travel service offices in terms of fuel, water, electricity and telephone costs, including the conveyance, distribution, and consumption are subject to the industrial tariffs, and the relevant institutions are **obliged** to pay the related costs, regardless of the type of license, the premise use and to calculate and to receive the amount of consumption based on the tariff of the industrial sector.

Takyeh Beyglarbeygi

Chapter V

Advantages, Capabilities, and Incentives of the Province in the Services Sector


ANKARA
TURKEY
SYRIA
KERMANSHAH
IRAQ
IRAN
JORDAN
KUWAIT
RIYADH
QATAR
UEA
MUSCAT
OMAN
SAUDI ARABIA
YEMEN

5-1- Advantages and Capabilities of the Province in the Services Sector

5-1-1- Trade and Commerce

Kermanshah Province, as one of the 5 provinces bordering the Republic of Iraq with a **371 km common border**, is a commercial and transit gateway (on the Silk Road) and is actually the most important communication route to this country. The existence of ethnic and religious commonalities and, moreover the history of relations between the two regions have always been an influencing factor on the development of mutual interactions between the two countries, and for this reason, the role and contribution of Kermanshah Province in the field of trades with the Republic of Iraq has somehow been maintained and continued. In fact, the adjacency of these two regions have brought about the exchange of goods, services and travelers, including tourists and medical tourism; technical knowledge transfer (transference of knowledge), etc. for the province.

The presence of **5 official and active borders** in the province including Parviz Khan and Khosravi Borders in Qasreshirin, Sheikh Salleh in Salas-e

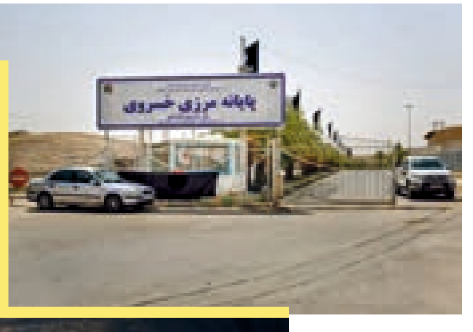
Babajani, Shushemi in Paveh, and Sumar in Gilan-e Gharb, in the vicinity of the two large export terminals of Khosravi and Parviz Khan, are among the regional advantages, **with regard to possessing a 50% share for the province in the national trade with Iraq**. In addition, Kermanshah Province has a border bazaar called Tileh Kuh in Sarpol-e Zahab city. According to statistics, Parviz Khan Border and Customs is regarded as the largest and most voluminous border exporting goods to the Republic of Iraq and the most official border of the Islamic Republic of Iran, which after Bandar Abbas, **is the largest export Customs of Iran**.

The Iraqi consulate's presence in Kermanshah Province and also the presence of the Representative of the Iraqi Ministry of Foreign Affairs in this province, as well as the existence of the branch of the *National Exchange of Iran (National Bank of Iran)* in Kermanshah City, are other capabilities seen in the province in the field of trade and commerce.

Khosravi Border, being considered the closest land border to Holy Karbala, has the daily traffic capacity of 50,000 pilgrims, traders, and merchants as well as 1,000 freight trucks, and is considered to be a direct communication bridge with Iraq.

Enumeration of the aforementioned cases reminds us that trade is actually the most important economic advantage of the province, so that there emerges the capacity in the province to export the most volume of trade to the Middle Eastern countries from the borders of the Province, and furthermore, we can witness the rapid growth of industries and services relating to trade including processing industries, preparation and packaging of products, and activities related to warehousing, etc., and finally creating a dry port with the aim of supporting the process of exporting goods and services in the province.

The construction of Qasreshirin Free Trade-Industrial Zone is one of the other capacities of the province in the trade sector, which can play an important role in the industrial and commercial development of the region in the future.



Sheykh Salleh Border crossing

5-1-2- Healthcare

The presence of numerous medical centres with the possibility of providing services to all specialized fields and most of the sub-specialized fields having suitable facilities, has turned Kermanshah Province into a hub of medical services in the western region of the country (achieving the top rank in the field of technology for three recent consecutive years) so that in addition to providing specialized treatment services for local patients in the province regarding the appropriate capacities, today the province welcomes patients from the neighbouring provinces, especially Ilam, Kurdistan, and Lorestan.

Kermanshah University of Medical Sciences has facilities such as research institutes, research centres including (Medicine, Medical equipment, Cosmetics, Food industry, Biotechnology, and Plant products, etc.) and the *Stem Cell Innovation Centre,* as well as the *Health Science and Technology Park,* and the *Roshd Center* including around 90 technology units and 20 Knowledge-based companies with a range of commercialized-licensed products in the field of health technology.

5-1-2-1- Capacities and Capabilities Created in the Treatment Department

- The construction of a Health science and technology park in the University of Medical Sciences (according to the executive regulations of *Sections (b) and (d) of Article (11)* of the Law of *"Surge in Production."*) and the possibility for investors and private companies to make use of the benefits of tax credit in the field of health.
- The presence of more than 15 companies in the field of medicine and technical knowledge, and adroit experts and faculty members in this field, considering the position and the adjacency of the province with Iraq, in order to construct a pharmaceutical plant in the western region in line with the formation of a pharmaceutical hub in the region.
- Providing the circumstances in which a medicinal plant production centre would be established centred around the University of Medical Sciences, due largely to the presence of experienced and adroit professors in the field of medicinal herbs, along with other capacities of the province in this regard.
- The province being regarded among the hubs of infertility treatment in the country and the formation of necessary capabilities in this regard, due to the presence of scientific experts and the *Stem Cell Innovation Centre,* as well as conducting multiple researches in this field within the province.

Table 5-1. Facilities and Capabilities of Kermanshah Province in the Treatment Sector

Row	Title	Number
1	Number of Hospitals (General & Private)	25
2	Number of Available Hospital Beds	3394
3	Available Beds per 1,000 Persons	1.73
4	Number of Diagnostic-Nuclear Therapy Centres	85
5	Number of Laboratories	145
6	Number of Drugstores	342
7	Number of General Practitioners (Gps)	636
8	Number of Specialists	860
9	Number of Dentists	426
10	The Total Number of Doctors	1551
11	Number of Doctors per 10,000 Persons	7.9

Source: Kermanshah University of Medical Sciences

5-2- Incentives and Exemptions of the Co-operation Sector

- Guaranteeing payment facilities by the *Guarantee and Investment Fund* of the co-operative sector for companies and co-operative unions.
- Payment of low-cost government facilities with long-term repayment for cooperatives' employment and economic projects
- The existence of a huge network of cooperatives and large cooperative unions, as well as *The Cooperative Chamber, The Entrepreneurial Development Foundation of the Cooperative Sector*, and the *House of Associates of the Province* regarded as a suitable platform for the expansion of cooperatives.
- Deriving the full benefit of exemptions provided for employer's paid insurance premiums, providing free training, and gratuitous grants on a case-by-case basis
- Carrying out most of the affairs of cooperative companies through smart systems without the need of in person visit.
- 100% tax exemption on income of rural, nomadic, agricultural, fishery, labour, employee, students, and pupils' cooperatives and their unions.

5-3- Incentives and Exemptions of the Electricity Generation Sector

A) Small-Scale Power Plants

- Signing contracts of guaranteed purchase of electricity for a period of 5 years since its coming into operation.
- Payment of the gas consumption of the power plant by the Ministry of Energy
- The possibility of using rials and foreign currency banking facilities, such as other industrial production projects and other power plant projects
- Ensuring the supply of small-scale generator fuel for 9 months of the year
- Ensuring the supply of fuel for simultaneous production for the whole year (12 months)

B) Renewable Energy

- Signing contracts of guaranteed purchase of electricity for a period of 20 years since its coming into operation

- The possibility of buying electricity, produced from different renewable sources at different prices in the new tariff system with the aim of creating a balance and also allowing investors to enter this field with more confidence and less risk acceptance.

- Exemption or reduction of Customs duties for renewable power plant construction license holders in case of import and installation of required foreign parts and equipment.

- The possibility of land acquisition where the facilities would be built and the implementation of the project by the Ministries of Energy and Agriculture Jihad.

- Had domestic and foreign investors used Iranian technologies and equipment to produce electricity, the Ministry of Energy (The Government) will allocate a maximum of 30% in addition to the base rate to renewable technologies and equipment and furthermore will pay a higher price.

C) Incentives and Special Support for Knowledge-Based Companies in the Field of Energy

- The possibility of providing the financial resources needed for the implementation of energy consumption optimization projects by Knowledge-based companies and other companies implementing energy consumption optimization projects by banks agreeing and making a tripartite contract between *"the aforementioned companies",* the *"bank"* and a *"subsidiary of the Ministry of Oil"*, while accepting this contract as a guarantee for loan facility repayments, in such a way that the repayment of facilities will be made directly from the fuel thrift.

- Guaranteeing the repayment of facilities, granted to Knowledge-based companies with the priority of implementing consumption optimization plans, including the construction of equipment and supplies effective in reducing energy consumption, digital transformation in the oil industry, completion of the value chain of downstream oil, gas and petrochemical industries, etc., by the Ministry of Oil with the cooperation of *The Vice-Presidency for Science and Technology* and with the participation of the *Non-Governmental Research and Technology Fund* of the Oil Industry in order to support Knowledge-based companies.

- Applying special support to laboratories, Knowledge-based companies, startup accelerators, and other matters related to the development of electricity in line with the development of Knowledge-based industries related to renewable energies and the generation of clean electricity at point of final use.

5-4- Incentives and Special Support for Knowledge-Based Companies in the Health Sector

- The possibility of increasing the research and development index, up to a limit of (25%) in regard to the total cost of the product in the pricing process, citing a ceiling price for health-oriented products subject to pricing, within the framework of laws and regulations
- Applying maximum facilitation in the export process of Knowledge-based health items within the framework of laws and regulations, especially in the field of freeing the price of export products based on the understanding between the exporter and the country of destination.
- Employing services of technology and Knowledge-based companies in order to distribute medicine through platforms and internet businesses, respecting the principle of competitiveness and the prevention of commercial monopolies.
- Using the capacity of Knowledge-based companies and technological sets licensed by the Ministry of Health to provide at least (20%) of the imported capital equipment needed by medical institutions, if available, from those similar quality equipment from the 'laboratory equipment recovery site', 'medical diagnosis', and the available 'analysis' in compliance with the relevant laws and regulations.

Chapter VI

Other Incentives and Support Provided by the Current Laws of the Country

6-1- Legal Bases of Investment in the Islamic Republic of Iran According to the Latest Sources

- Cabinet Decree No. 6476/T 59999K, dated 5th July 2022, by the Cabinet (members of the *Special digital economy working group*) on the issue of the notification of the procedure for issuing business licenses in the form of registration-based (announcement) and approval-based licenses.
- Budget 2024 of the Islamic Republic of Iran Government
- The *Law on Facilitating the Issuance of Business Licenses* approved on 5th March 2022.
- The law amending *articles (1) and (7)* of the *Law on the Implementation of the General Policies of Article (44)* of the Constitution and its subsequent amendments approved on 3rd February 2021.
- The Law of the *sixth Five-year Plan for Economic, Social, and Cultural Development* approved on 5th April 2017.
- The *Law on* the *Implementation of the Permanent Orders of the Country's Development Programs* approved in 2016.
- The *Law on Removing Obstacles to Competitive Production and Improving the Country's Financial System* approved in 2016.
- Direct Government Tax Law, along with its subsequent amendments approved in 2015.
- Regulations for the establishment of investment service centres (Cabinet Decree No. 26986/44458 dated 24th October 2010, by the Cabinet)

- The *Law on Supporting Knowledge-Based Companies, Institutions, and Commercializing Innovations and Inventions*, approved in 2010.
- *The Foreign Investment Promotion and Support Law* approved in 2001 and its executive regulations.

6-2- According to the Sixth Development Plan

1- *Section (a) of Article (65):* The government is obliged to support the establishment of Knowledge-based companies inside the country with the participation of qualified and knowledgeable foreign companies for designing, engineering, construction, installation of equipment and technology transfer in both upstream and downstream energy fields regarding oil and gas fields and power plant conversion energy, in order to increase the internalization of the economy by complying with the *Foreign Investment Promotion and Protection Act* and the *Law on Supporting Knowledge-Based Companies, Institutions, and Commercializing Innovations and Inventions* approved on 27th October 2010 and its Subsequent amendments and additions while granting necessary facilities in this regard in the form of annual budget laws to the investors and aforementioned companies.

2- *Section (a) of Article (4):* Provision of foreign financial resources up to an average of thirty billion dollars annually from credit lines of foreign banks in the form of self-governing foreign financing *(Finance)* with the priority of Islamic financing, fifteen billion (15,000,000,000) dollars in the form of foreign direct investment and twenty billion (20,000,000,000 dollars) in foreign partnership contracts.

Provision- It is permissible for executive bodies to use foreign financial facilities with the priority of Islamic financing during the implementation of the *Sixth Plan Law* in the form of annual budget laws.

3- *Section (e) of Article (4):* Attracting reputable global and regional companies in the domestic production chain directly and with priority of partnership with investors and domestic producers in order to increase capability, competitiveness and export of goods and production services by removing legal and lawful obstacles based on dignity, wisdom, and expediency, had it not been influenced by western culture

4- Section (j) of Article (4): Permitting the presence and participation of foreign financial and credit institutions in Iran within the framework of the *Law on the Implementation of the General policies of Article (44) of the Constitution* approved on 25th May 2008 and the *Foreign Investment Promotion and Protection Act* approved on 25th May 2002.

5- *Section (l) of Article (4):* The government is permitted to guarantee the necessary guarantees by the operating bank or developing organizations in regard to the external financing of economic projects of the non-governmental sector which their technical and economic justification has been approved by the Economic Council.

6- *Section (c) of Article (33):* Providing assistance to create export clusters, trademarks, and assigning export incentives to the export of agricultural goods with the aim of promoting the production of agricultural products for export.

Provision- The government is **obliged** to annually calculate the excess of agricultural prices in target markets as export incentives and to recommend and present subsidies from targeted sources.

7- *Section (i) of Article (33):* Remission of interest, fees, and fines of loans received by farmers who suffered losses due to unexpected events and a three-year grace period for their loan principal and also determining the amount of damages by a working group consisting of the Ministry of Agriculture Jihad, the relevant bank and the governorate of the city.

8- *Section (l) of Article (33):* The stages of packing, freezing, cleaning, grading, peeling such as rice milling, and drying such as tea and roasting such as cooking peas are **NOT** regarded as a processing of agricultural products. These services are exempt from VAT.

9- *Section (a) of Article (52):* The investment of the non-governmental sector in the construction and operation of intra-city and inter-urban rail transport is regarded as an investment in less developed areas and will be subject to all laws and regulations related to investment in less developed areas.

6-3- According to the *Implementation of the Permanent Orders of the Country's Development Programs*

1- *Section (c), Provision (2) of Article (20):* Banks, financial and credit institutions charged with paying facilities under equal conditions, in order of priority, respectively, for the working capital required by exporters and producers of goods or services for export, investment for the production or trade of goods or services for export, capital Setting up to produce goods or services that have a salable market inside the country with more profitability

2- Article (22): Reimbursement of the import rights of raw materials and intermediate goods that are imported into the country for the purpose of export production, especially by Knowledge-based companies, within 15 days after administrations. The subject of the addition to *Article (66)* of the *Law on Customs Affairs* approved on 13th November 2011.

3- *Section (a) of Article (23):* The prohibition of imposing any taxes or duties for the export of permitted and non-subsidized goods

4- *Section (b) of Article (25):* Permission for the participation of foreign insurance companies with domestic commercial insurance companies with the priority of the non-governmental sector in order to establish a joint commercial insurance company in Iran, to attract foreign Capital by domestic insurance companies, and furthermore to establish and operate branches, agencies of foreign commercial insurance companies and institutions, and foreign insurance brokers and their branches in compliance with the

General policies of *Article (44)* of the Constitution and its related regulations.

5- *Section (c) of Article (32):* In order to facilitate and to promote industrial and mineral investment in the country, the following measures shall be taken by the government:

◆A) Cities which unemployment rate is higher than the average unemployment rate of the country are defined as areas without employment.

◆B) The government is **obliged** to implement the necessary incentives, to create employment and to reduce the unemployment rate and furthermore offering internships for the unemployed in these areas while including the necessary credits in the annual budget bills.

◆C) Applying the tax exemption for industrial, mining, and service units in non-employment areas to the extent of the minimum exemption granted in Free Trade-Industrial Zones.

◆D) The government is **obliged** to allocate three percent (3%) of the export earnings from crude oil and natural gas (one third to the oil-rich provinces and two-thirds to the cities of less developed regions, respectively, which are divided according to the underdevelopment indicators for each city by the country's Program And Budget Organization in order to determine and to allocate annual budgets for the implementation of construction programs.

6- *Section (b) of Article (34):* The government charged with using the capacities of the private sector in the form of *public-private* partnership, such as "providing financial resources, Build-Own-Operate-

7- *Section (a) of Article (39):* The Ministry of Economic Affairs and Finance *(Iranian National Tax Administration)* (INTA) charged with issuing the entry and clearance permits for machines and equipment of production lines that are authorized by the industrial and mining production units, with the recognition of the Ministry of Industry, Mine and Trade, in compliance with the relevant legal provisions, without tax receipts and duties subject to the *Value Added Tax* (VAT) Law approved in 2008 and by obtaining the necessary guarantees.

8- *Article (41):* Tax exemption subject to *Article (107)* of the amended *Direct Tax Act* approved in 2021 for foreign legal entities residing outside Iran with the introduction of the Central Bank of the Islamic Republic of Iran and the approval of the Minister of Economic Affairs and Finance regarding the granting of facilities and financing.

9- *Article (44):* The permissibility of transferring national and state lands for industrial projects that cannot be established in industrial estates with the approval of the licensing authority, in compliance with other laws

10- *Section (2) of Article (51):* Supporting the creation, empowerment and development of Knowledge-based companies and strengthening the research and development activities of economic firms with the aim of increasing production, stimulating demand and promoting the export of Knowledge-based goods and services.

11- *Article (54):* Permission granted to the government to provide the necessary assistance to governmental and non-governmental estates and industrial regions, especially in road infrastructures, water, electricity, gas and telephone supply until the entrance of units located in these estates in the form of annual budgets in line of supporting the establishment of Industries in industrial estates and regions and the competitiveness of industrial and mineral products

12- *Article (60):* The government charged with supporting purposefully the organization and establishment of the former and the latter industries, specially the expansion of the process manufacturing industries and preservation of basic agricultural products by the non-governmental sector in the production hubs, while preparing a comprehensive study plan as regards the reducing of agricultural waste, and moreover a planning project in regard to process manufacturing industries and preservation of agricultural products with coordinated policymaking and planning for supporting the agriculture sector, sustainable production, export development, competitiveness, reduction of the cost price, and support for reconstruction and modernization along with technology improvement, and reforming the structure of agricultural industries.

13- *Section (b) of Article (65):* Exemption from paying import duties for goods produced or processed in Free-trade zones and Special economic zones while entering other parts of the country in proportion to the value added and the value of raw materials and internal parts used in it.

Provision 1- Raw materials and foreign intermediate goods used in production, subject to payment of import duties, are regarded as raw materials and domestic goods.

Provision 2- Raw materials and foreign parts used in goods produced or processed in Free-trade and Special economic zones, which in the past were sent to the "Zone" from other zones of the country and used in the production or processing of products that are imported into the country be used and regarded as raw materials and be exempted from payment of import duties.

14- *Section (d) of Article (65):* Tax and import duties exemption in regard to importation of goods exchange between Free-trade zones, abroad and also other free zones from all duties (except for the duties subject to *Article (10)* of the *Law on Free Trade-Industrial Zones Administration and Management of the Islamic Republic of Iran* approved on 29th August 1993.

6-4- According to the *2023 Budget Law of the Islamic Republic of Iran Government*

1- *Section (a), Provision (3) with regard to Section (a) of Article (4):* The Law of the *sixth Five-year Plan for Economic, Social, and Cultural Development* of the Islamic Republic of Iran in 2022 sets the maximum limit for foreign financing facilities *(Finance)* for governmental and non-governmental projects in Iranian Rials equivalent to (30,000,000,000 Euros).

2- *Section (i), Provision (6):* Legal entities expenditure on production and dissemination of cultural and educational content with the priority of reflecting the capacities and capabilities of the provinces and the underprivileged and deprived regions, which will be carried out with the coordination and approval of the *Broadcasting Organization* to be broadcasted on the national, provincial and international channels of that organization. 100% is regarded as an acceptable tax expense.

3- *Section (j), Provision (6):* In order to support the development of the digital economy in the country and to promote electronic business to use domestic platforms, the revenue of legal persons' businesses on domestic platforms until the end of 2023 approved by the Ministry of Communications and Information technology, which have had no tax file until the end of 2022, will be subject to zero tax rate.

4- *Section (AB), Provision (6):* In line with supporting national production policies, the tax rate subject to *Article (105)* of the *Law on Direct Taxes,* legal persons with operating licenses from the relevant ministries in productive activities in 2022 will be reduced by 7%

5- *Section (AE), Provision (8):* Water tariffs for greenhouse crops and industrial agriculture in industrial estates, industrial regions, and agricultural parks is calculated at the approved rate of agricultural activities.

6- *Section (m), Provision (9):* Gas tariff for tourism and handicraft facilities, hydrotherapy facilities and hotels is similar to the services tariff, and the electricity tariff for the related cases of this Section in areas that lack gas is considered equal to the general consumption tariff mentioned in the *Law on Removing Barriers to the Development of the Electricity Industry.*

7- *Section (y), Provision (9):* It is **prohibited** to levy any export tariffs and duties and is also **prohibited** to compel the surrender and delivery of foreign currencies in regard to the export of handicrafts, except for the value of the raw materials used.

8- *Section (AB), Provision (9): The Organization of Small Industries and Industrial Estates of Iran* is **obliged** to accommodate a part of the mentioned estates to the activists and producers of handicrafts by the announcement of the Ministry of Cultural Heritage, Tourism, and Handicrafts. All exemptions and benefits of industrial estates are also given to these handicraft production units.

9- *Section (AD), Provision (12):* The maximum limit for the annual tax exemption subject to *Article (84)* in regard to the amended *Direct Tax Act* approved on 22nd July 2015 is set at one billion two hundred million (1,200,000,000) rials in 2023.

10- *Section (j), Provision (15):* The fuel tariff of self-supplying power plants, which, with the emphasis of the subsidiary companies of the Ministry of Oil, have separate meters or according to the announcement of the Ministry of Energy, deliver all or part of their produced electricity to the National Transmission System *(Grid),* is equal to the amount of fuel consumed for the delivered electricity. The tariff for the power plant fuel is determined based on the average efficiency of thermal power plants in 2022.

11- *Section (o), Provision (15):* In the implementation of *Article (10)* of the *Law on Removing Obstacles to the Development of the Electricity Industry,* in order to improve the efficiency of power plants and to prevent fuel smuggling, the Ministry of Oil is **obliged** to deliver natural gas and liquid fuel to power plants at the commencement of the year 2023 through its related companies. In regard to Electricity price, it is calculated at the rate of (95%) of the weighted average mean of the export and import cost of these carriers in each solar month, and (100%) of the rial resources resulting from the increase in the price are exempt from taxes and duties which shall be considered to be a subsidy in the same electricity production plant in order to upgrade technology and efficiency.

12- The possibility of accessing low-interest facilities under *Section (a) of Provision (18)* for production units with priority for Knowledge-based and job-creating units.

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