

Branch Office
under
Iranian Law

Branch Office under Iranian Law

by ESK LAW FIRM

What is a Branch Office?

What is the Difference between Subsidiary and Branch in Iran?

Governing Laws and Regulations of Branch Offices in Iran

Which Activities could be done by Branches of Foreign Companies in Iran

Responsibilities of a Branch Office in Iran

Check List of Documents required for Branch Registration in Iran

Road Map of Branch Registration in Iran



What is a Branch Office?

A branch office is considered as an extension of the parent company and it is not considered a separate legal entity. Given that it is only a part of the parent company, carries out the same activities within the market. While registration procedures of a subsidiary and a branch in Iran are similar, their purposes are completely different. Therefore, it is important to first establish the type of presence you wish to have in Iran before deciding between a subsidiary setup or establishing a branch.

What is the Difference between Subsidiary and Branch in Iran?

From the structural point of view, subsidiary is a legal identity independent from the parent company i.e. an extension of the same business but in another country. Subsidiary company runs independently from the parent company taking its own risks, and taking into account the regulations and norms of the host country. On the other hand, according to Iranian Law: *“the branch of a foreign company is under the rule of its main company and performs directly the main company’s tasks. The branch activities performing in Iran is under the name and the responsibility of the main company”*. While a subsidiary is suitable for all business activities in Iran such as trading, investing, import & export, manufacturing etc., a branch office can only be involved in certain activities.

Governing Laws and Regulations of Branch Offices in Iran

The Act *“Permission to Register a Branch or Representative of Foreign Companies”* issued in 1997 and the executive by law *“of the Act”* approved in 1999 are the main rules about foreign branches in Iran.

According to this Act: *“Foreign companies registered legally in their own country may submit application to register branch or representative “under Iran legal framework “in activities determined by Government of Islamic Republic of Iran. This is permitted if this action could be done mutually for Iranian in that country”*

Which Activities could be done by Branches of Foreign Companies in Iran?

According to Article 1 of the Executive by Law of the Act, a foreign branch can be involved in below activities:

- a. Providing after-sales services.
- b. To implement contents of contracts concluded between Iranian and foreign companies.
- c. To study and preplanning for investment in Iran.
- d. To cooperate with Iranian technical and engineering companies to work in third states.
- e. To extend non-oil exportation from Islamic Republic of Iran.
- f. To give technical and engineering services and to transfer technical and technological knowledge.
- g. To perform activities like transportation, Goods investigation, banking, marketing and other services that could be permitted by qualified state organizations in Iran.

A
B
C
D
E
F
G

Responsibilities of a Branch Office in Iran

According to Article 2 of the Executive by Law of the Act: *“The branch activities performing in Iran is under the name and the responsibility of the main company”*. Therefore, any possible debts of branch office will be compulsorily assumed by the parent company without limitation. In this case, the manager of the branch office shall be the representative of the parent company in the territory where it is located. On the other hand, a subsidiary can carry out its own activities which are different from the activities carried out by the parent company. For this reason, the subsidiary is liable to its own debts and the main company is not affected.

Check List of Documents required for Branch Registration in Iran

Below documents should be prepared by Parent Company to register a branch office in Iran:

#	Required Documents	Details
1	Articles of Association	Must be in English and Certified in Iran Embassy
2	Registration Certificate	Must be in English and Certified in Iran Embassy
3	POA of a Representative	Must be in English and Certified in Iran Embassy
4	Copy of passport of Representative	Must be Certified in Iran Embassy
5	Justification Report	Must be in English and Certified in Iran Embassy
6	Letter of Commitment	Must be in English and Certified in Iran Embassy
7	Resolution of Board of Directors regarding registering a branch in Iran	Must be in English and Certified in Iran Embassy
8	Latest Financial Report of Company	Must be in English and Certified in Iran Embassy
9	POA to our Lawyers	Must be in English and Certified in Iran Embassy

Road Map of Branch Registration in Iran

A. Preparation of Documents:

As the first step, Parent company that intends to register a branch in Iran should prepare some documents as listed above.

B. Official Translation of Documents:

Upon receiving of the documents, we will submit them to official translator in Iran to be translated into Persian.

C. Online Registration of Documents and

Information: Our Corporate Team will register all the information and details of documents in official database of “Companies Registry of Tehran”. It should be noted that the name of Branch will be the same name as the Parent Company, together with the word “Branch”. An address in Iran with a valid postal code necessary at this stage.

D. Preparing Establishment Documents: Our Corporate Team will prepare establishment documents of the company and email them to be signed by Parent Company and its Branch’s representative. There is no need for traveling to Iran for this.

E. Registration in Companies Registry: The last step will be registering the signed documents together with translated documents in the “Companies Registry of Tehran” and obtaining registration certificate.

Note: Approximate required time for registration procedure is 30 days starting from the date that we receive all required documents from the Parent Company.



ESK Law Firm is one of Iranian leading law firms, with a reputation for standing out - and for being outstanding. We provide legal services in areas such as international trade law; international investment law; banking and finance law; energy law; company law, litigation as well as conduct due diligence for entities, represent clients for negotiating, and designing and drafting various kinds of international contracts. Our clients include multinational corporations, businesses, entrepreneurs, financial institutions and governments who seek advice in respect to their domestic and international affairs, including cross-border transactions and inward and outward investment activities.

ESK Law Firm's partners, with more than a decade experience in the legal services, provide professional services of substantial value to anyone who is presently managing, or considering development of local and international business operations. They offer the sharpest legal minds, the clearest advice, And an unshakable sense of what's possible.



Unit 16, Ground floor
No. 6, Qoba building
Qoba Alley, Shariati St.
Tehran, Iran

TEL: +98 21 77152141
TEL: +98 21 22857399
FAX: +98 21 22857399

www.ESKLawFirm.com
www.ESKAdvisoryGroup.com
info@ESKLawFirm.com