

Highlights of Legal News & Information

Traveling to **IRAN** FAQs

Is Iran safe?

Who can travel to Iran?

Can I use my credit card?

Is a foreign individual or company allowed
to buy a land or a property in Iran?

Description of Governing Law in Iranian legal system

Compulsory and Voluntary Insurances in Iran

Corporate Due Diligence in **IRAN**: How far you can go?

A. Is Iran safe?

The short answer is "Yes." The long answer is "Yes, of course."

Iran boasts an excellent security record, especially when you take into account the fact that it is located in one of the world's most volatile and unstable regions. The country is a safe haven in a sea of turmoil, and you would be hard-pressed to find a foreign tourist who felt unsafe during their visit.

Popular destinations such as Tehran and Isfahan have formed tourism law-enforcement units whose main purpose is to serve foreign travelers. Furthermore, the legal arm of Iran's Cultural Heritage, Handicrafts, and Tourism Organization even helps foreign visitors pursue complaints after they have left the country, should they want the organization to follow up a complaint.

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B. Who can travel to Iran ?

Citizens of every country recognized by the Iranian government can travel to Iran. The country offers 30-day visa-on-arrival to citizens of 190 countries at its international airports.

Iran has also waived visa requirements for citizens of Turkey, Georgia, Azerbaijan, Armenia, Syria, Egypt, Lebanon and Bolivia. Russians traveling to Iran as part of an organized tour also do not require a visa.



C. Can I use my credit card ?

Due to banking sanctions, international credit cards do not work in Iran. To circumvent the problem, authorities have introduced the so-called Tourist Card, a prepaid credit card with a maximum balance of \$5,000.

The card can be acquired at international airports and recharged at any of the branches of Bank Melli, Bank Sepah and Tourism Bank across the country. (Financial Tribune, March 04, 2017)

Is a foreign individual or company allowed to buy a land or a property in Iran?

One of the main limitations for foreign investors in Iran is ownership of immovable properties such as a land. Even Article 2 of “Iran’s Foreign Investment Promotion and Protection Act (FIPPA)” states in its Note that:

“The law for the ownership of immovable property by foreign nationals enacted on June 6, 1921 shall remain in effect. Ownership of land of any type and to any extent in the name of foreign investors is not permitted within the framework of this Act”

As expressed in the above article, there is an old Act in Iran under the name of “The Law for the Ownership of Immovable Property by Foreign Nationals” (1921) which puts limitation on the ownership of lands in Iran for foreign nationals. However, this Act only prohibits ownership of “Agricultural Lands” for foreign nationals, not other kinds of land.

At the same time, there is also a regulation titled “Regulation of Acquisition of Properties by Foreign Nationals” (1939) which contains several rules regarding ownership of lands by foreign nationals. This regulation allows the ownership of a land, however, its conditions and procedure is very complicated. Not only the location and reasons of buying the land is important, but also purchasing request must be accepted by “State Organization for Registration of Deeds and Properties”, “Ministry of Foreign Affairs” and most of the time by “Board of Ministries”!

So, this question arises that whether there is a solution for acquisition of a land by foreigners without such difficulties. The answer is yes. The best solution that we usually recommend is to register a company in Iran which is fully owned by the foreign national. As this company is registered in Iran, its nationality is Iranian (regardless of who owns its shares) and it would be able to buy a land or a property in Iran.

Description of Governing Law in Iranian legal system:

Article 968 of the Iran Civil Code reads as follows:

“Obligations arising out of contracts are subject to lex loci contractus except where both of the parties are foreign citizens who have explicitly or implicitly subjected the contract to another law.”*

The prima facie consequences of the above article are:

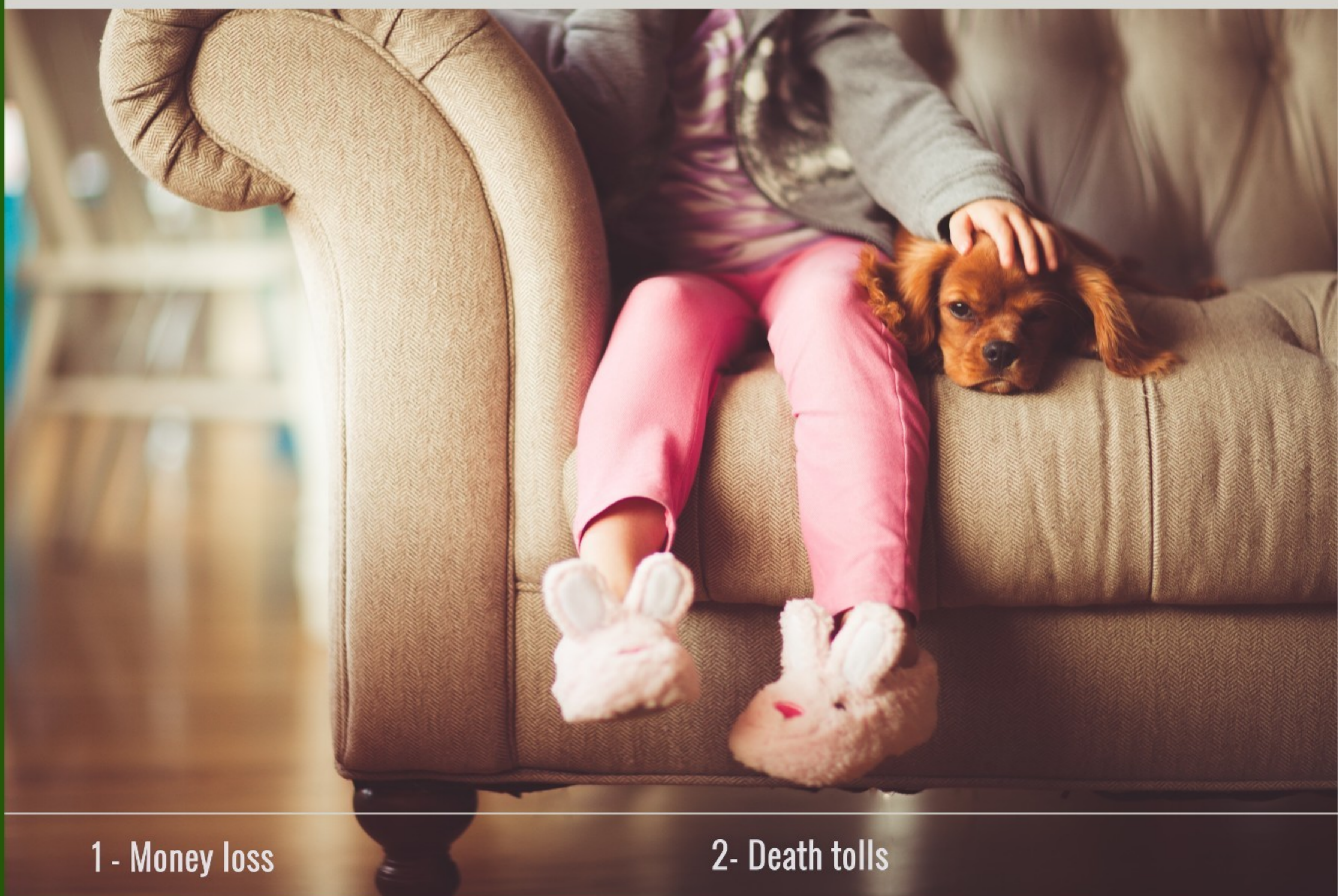
- (i) Only the laws of the place of concluding a contract shall apply to it if at least one of the parties to the contract is Iranian.
- (ii) Where both of the parties are foreign citizens, they are free to subject their contract to a law other than lex loci contractus.
- (iii) The intention of the foreign citizens to avoid application of lex loci contractus must be declared by the parties explicitly or implicitly.

These consequences are based on an interpretation of article 968 that considers it a mandatory provision of the Iran Civil Code. Under a more liberal interpretation, article 968 is a facultative provision allowing the parties to adopt any law as the governing law of their contract.

* lex loci contractus is the Latin term for "law of the place where the contract is made"

Compulsory and Voluntary Insurances in Iran

There is only one compulsory insurance in Iran which is “civil liability insurance for motor vehicles”. Based on Iran’s law, all individuals owning a ground motor vehicle are obliged to insure their liability against a third party. This insurance will compensate two types of damage:



1 - Money loss

These damages include all the financial damages imposed by a driver in driving accidents to a third party such as damages resulting from accident, fall, fire or blast of the vehicle and also damages imposed from the loads of the vehicle to the third party.

2- Death tolls

These tolls include all death damages and compensations including death, maim, temporary or permanent disability as well as medical expenses resulted from driving accident. They will be compensated from the insurance as per the verdict of the judge.

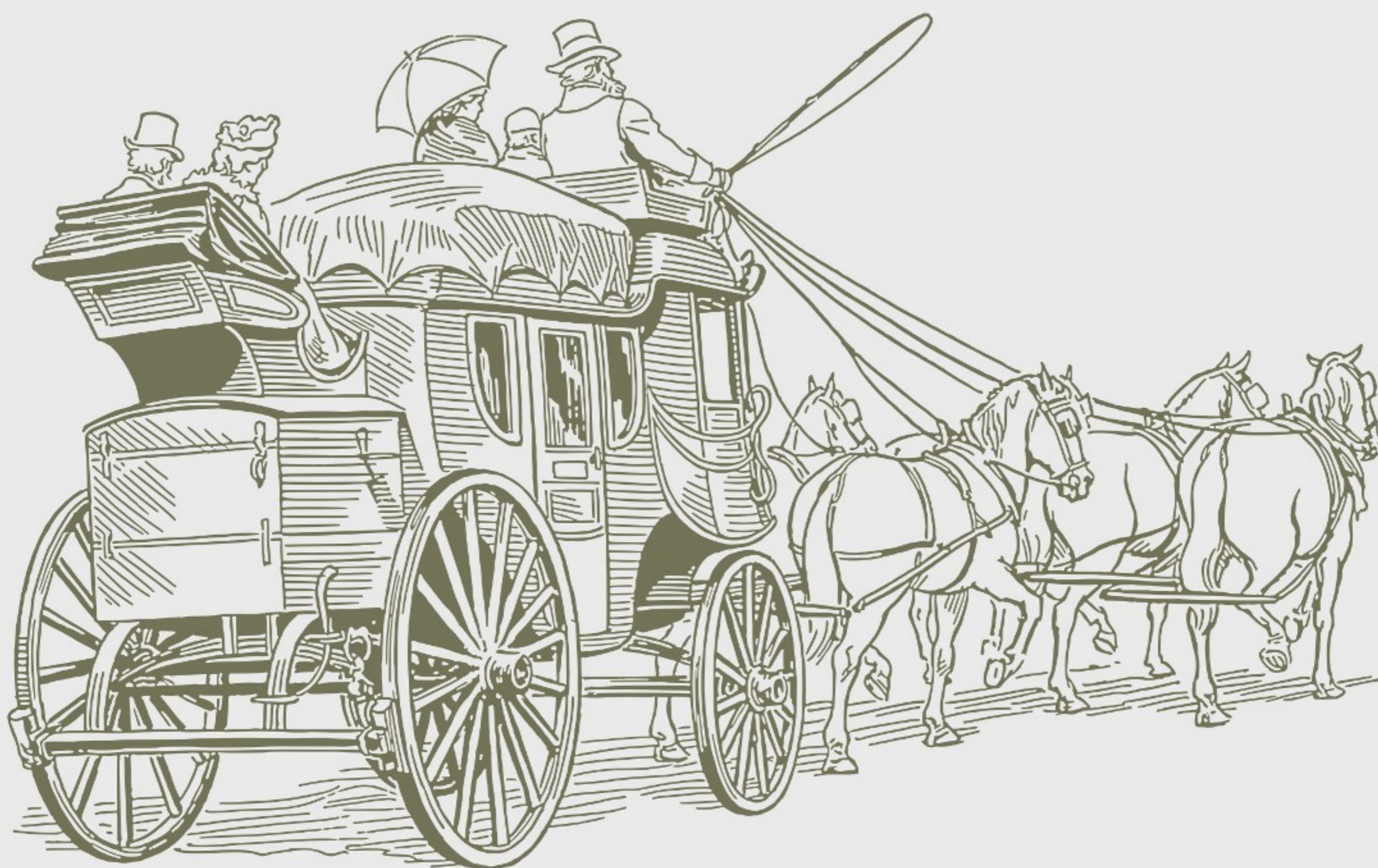
Other insurances in Iran is optional, unless a contract between two parties makes a kind of insurance mandatory for one or both of the parties.

Corporate Due Diligence in Iran: How far you can go?

International companies and investors usually ask about the possibility of conducting due diligence about companies in Iran. They are interested to know what information is publicly available and what information requires to have access to the company's documents and therefore cooperation of company's directors is needed.

The only available database in Iran which provides some information about registered companies is the database of "Companies Registration Office". This online database shows the information such as type of company, registration number, registered address, and the latest changes in the company.

In order to access other information of a company in Iran including properties, debts, litigation and arbitration cases etc. the permission of company's directors is required.



About ESK Law Firm

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