



SEEZ

SHIRAZ ESPECIAL ECONOMIC ZONE

**LAW &
REGULATIONS**



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Shiraz Especial Economic Zone is located at the eastern south of Shiraz on the access road of Fars Power Generation Management Co.

Shiraz Especial Economic Zone has been established under Center For Free and Especial Economic Zones Affairs according to the written authorization dated 17.3.1379 (5.June.2000). This zone has been divided into 6 phases:

First phase with an area of 130 hectares ,Second phase 170 hectares, Third phase:290 hectares. Fourth phase:180 hectares, fifth phase: 230 hectares and sixth phase 300 hectares.

All of the infrasrtructures including: water, electricity, gas, telephone, sewage system, landscaping, pavement, administration, building, general warehouse (with 22200 sq.m area), electronic balance, fire station, entrance gate, and ... in the first and the second phases are prepared and fourth the infrastructures of the third phase are under execution. Neighbouring the capital Fars city & Shiraz National Airport & also the expected railroad has made Shiraz Especial Economic Zone one of the best zones in Iran. In the executive plan, the recreative centers, exhibition, park and Landscaping. Banks, restaurants & trading offices, have been considered.

Establishment Goals of Shiraz Especial Economic Zone

To develop and create motivation in industrial and commercial fields.

To be present in universal markets, production and exports of goods.

To improve the province economy and taking advantage of its potentials.

To encourage the local and foreign investors to enter the manufacturing trend.

To make Practical Movement to create employment opportunities to reduce the unemployment level in the province.

To absorb internal and external capitals (taking advantage of the huge amount of liquidity that exists in Fars province)

To absorb science and technology via industrial and practical cooperation with international companies.

To support producers and creating fundamental facilities for them.





Especial superiority of Shiraz Especial Economic Zone

Being close to Shiraz capital city (10 kilometres).

Setting the main Custom office of Fars Province in Shiraz Especial Economic Zone caused the opportunity of exports and imports from there besides the custom of Shiraz Especial Economic Zone.

Connection via major transit highways to the industrial cities & ports such as: Isfahan and Kerman, Booshehr & Bandar Abbas ports and also neighbouring the ring road of Shiraz.

Neighbouring to Shiraz international airport and also expected railway.

Having access to skilled and specialized Manpower with reasonable wage rate.

Suitable weather conditions for commercial, industrial & depositing cargoes activities and warehousing.

Being close to the Persian Gulf Countries as well as Assalouyeh port.

Having definite possession document providing to producers for getting bank facilities.

Legal Advantages of investment in SEEZ Shiraz Especial Economic Zone

To draw together purchase potentiality or cession of properties in order to manufacture and industrial, commercial, administrative and servicing activities of the Zone with especial discounts and facilities.

Free and without customs duties entrance of machinery, spare parts, raw materials and construction materials in order to the creation of producing, commercial and servicing units of the Zone.

The issuance of construction authority and the termination of affair gratuitously.

Allegiance of the work statute of free zones (affairs of work relations, contract, authorities of resolve their dispute according to occupational regulations and insurance of the Free Zones.

Exemption from any tolls commonly paid elsewhere for activities arranged in the zone.

years of tax-free activities on the part of industry men based on article 132 direct tax law.

Possibility of holding especial & international exhibitions for better recognition of the Zone and promotion of the knowledge level of the producers and experts.

Possibility of the settlement of the international universities, Representing.





Establishment of the Banks, worth branches in order to present necessary facilities and inauguration of the banks› credit and documents for imports of regional market.

Factual and legal right of land and structures ownership for Iranian and foreign investors.

Emission of legal ground for construction, production, transformation, completion, separation and packing of materials and foreign goods for exports and offer of goods and productions besides the legal percentage of good's entrance to the country in accordance with foreign regulations.

Complete freedom of entrance and exit of capital, benefits of economical and production activities for external capital and Iranians capital by external source according to the law of encouragement from foreign investment.

transitting & exporting of goods from the Zone to the global market.

Imports of raw materials, semi-constructed goods which have been completed in regional and global market for manufacturing and creation of benefit(added value) for exports.

Presenting services and production of transit customs facilities, insurance, transportation to the zone in order to make fluency in the related affairs.

Services and facilities of warehousing, evacuation and loading of goods in public and specific storages.

Creation of customs› facilities and make fluency in imports, exports, production, processing, reexports and transit of produced goods, machinery, raw materials and instruments needed for production.

No time limitation for abandonment of goods.

Possibility to insure all the imported goods to the zone since its entrance till their exit in the public storages of the zone.

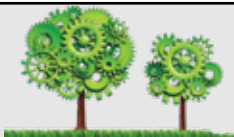
Possibility of transferring & selling of the whole or a part of goods to the others, in return for the receipt of the separated storage which is transactable and also evidence of origin and its acceptance in the all banks of the country in order to open letter of credit.

Justify of Clearance of the whole or a part of the imported goods temporarily, from the zone's custom.

Those who imports the goods to the zones can transfer the whole or a part of their goods to the others in return for the receipt of the separated storage which is transactable and is issued by the zone.

Banks is bound to accept the transactable receipt of storage and evidence of origin which is issued by the zone.

Imports and maintaining of goods such as: raw materials,





machinery, tools and pieces of machinery of production line is allegory by done by direct administration.

If processing and creation of benefits of imported goods cause changes in customs tariff of this goods: calculation of entrance rights of these goods for imports inside the country is just the same as the entrance rights of raw material and imported pieces which is used in the production process.

Issuance of foundation permit as well as operation and utilization certificate.

Existence of roofed warehouses and containers to store goods for traders and industrialists, as well as suitable machinery for loading and unloading.

Pars International Tourism and Health City

According to the law, Pars International Tourism and Health City with the extent of more than 900 hectares situated on the lands which is known by Kelestan on the south of main road of Shiraz - Sepidan, by the goal of increasing interior and external investment absorption in order to develop tourist health and tourist cure industry and production of industrial medicinal units and also Shiraz Especial University Zone by the extent of more than 500 hectares on the lands of Gooyom situated on the north of Shiraz - Sepidan road by the end of increasing interior and external investment absorption in order for the science and technology

and establishment of international universities and creation of educational and international research centers and universities out of the country, is going to be established.

Establishment and Management of Special Economic Zone Law of Islamic Republic of Iran

Part I - Objectives

Article 1- In order to protect economic activities and for the development of international commercial relations, mobility in the regional economy, production and process of goods, transfer of technology, promotion of non-oil export , creation of generative occupation, absorption and encouragement of domestic and foreign investment, re-export, transit and transship of goods , the government is entitled to establish special economic zones in the towns potentiay capable of achieving above-mentioned objectives.

Note 1- Geographical scope, comprehensive and skeletal plan, type and scope of legitimate activities in special economic zones established for specific purposes shall be determined by the virtue of the provisions of the present Law and upon the proposal of secretariat and approval of Ministerial Board.

Note 2- Special economic zones shall be established by the approval of Islamic Republic of Iran's Consultative Assembly.





Part II -Definitions and generalities

Article 2- The following words shall replace relevant long elaborate names or phrases in the present text of Law.

State: The State of Islamic Republic of Iran

Customs: The customs of Islamic Republic of Iran

Zone: Special Economic Zone

Organization: The organization in charge of the zone

Secretariat: Supreme Council Secretariat of Free Zones

Article 3- The Ministerial Board is entitled with the following responsibilities for the implementation of the present Law:

A-Determining or changing the organization in charge of the zone, governmental or non-governmental.

B-Supervising the activities of the zone within the framework of their specified programs and objectives.

Note 1- Should it be necessary the Ministerial Board is authorized to establish a state-owned organization for the management of special economic zone. Articles of Association of such organization shall be approved by Ministerial Board upon the proposal of Secretariat.

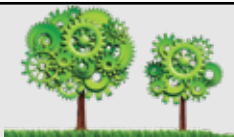
Note 2- Determination of the organization in charge of the zone from among non-government legal entities depends upon the ownership (through official transfer by relevant state-owned bodies) and possession of the lands situated in the limits of that special economic zone by non-government legal entities before the issuance of permit by Ministerial Board. The rules of changing the organization in charge of the zone depends on the agreement concluded based on the present Law between Secretariat and the organization.

Article 4- The organization is authorized according to the bylaw approved by Ministerial Board to charge a sum of money in return for providing public services such as infrastructural, engineering, transportation, warehousing, loading, unloading, health, cultural, communicational, educational, and welfare services in addition to services provided by executive bodies. All real persons and legal entities engaged in the production of goods and services inside the zone are exempt of all duties usually charged by the State.

Article 5- The scope of activities of the organization is confined to legitimate activities stipulated by the Law.

Article 6- The annual budget of each zone managed by a state-owned organization shall be drawn up within the framework of government's policies and planning and shall be approved in accordance to the provisions of the related Articles of Association.

Article 7- The organization in charge of the zone is authorized to issue permit for performing economic,





constructive, cultural, and educational activities as well as providing services in accordance with the policies and regulations of the government and within the framework of comprehensive and skeletal plan approved by the zone.

Part III -Import and Export Regulations

Article 8- Commercial transactions of the zone with abroad or other special economic zones and free-industrial zones , after being registered in customs , shall be exempt of all customs charges , commercial benefits and import and export customs duties and shall not be subject to any import and export limits and prohibitions except legal and lawful ones. Commercial transactions of the zone with other areas of the country except above-mentioned zones are subject to import and export regulations.

Note 1- Goods imported into the zone from other parts of the country for application and utilization purposes inside the zone shall be considered within the scope of internal transit of goods , whereas export of goods from zones to abroad is subject to Import and Export Regulations Law enacted on Mehr 4 ,1372 (September 26 ,1993).

Note 2- Exported goods the proceedings of which, banking or administrative, have been performed completely shall be considered as absolute exports after entering into the zone.

Note 3- Foreign raw materials and parts imported into

the country for processing, converting, completing, or repairing are subject to temporal import regulations and shall be settled and returned to be used inside the zone without drafting customs declaration and issuing export permit or at least without performing customs formalities after they are processed, converted, completed or repaired.

Article 9- Import of goods at any levels by the passengers from zone to other parts of the country is prohibited.

Article 10- Importers of goods into the zone are entrusted with the right to dispose of their goods, in full or in partial, to other parties against Negotiable Warehouse Receipt (NWR) issued by the organization of the zone. The holder of NWR is considered hereby as the owner of the goods.

Note 1- The director of the zone is authorized to issue certificate of origin upon the request of the applicants for the goods exported from the zone by the confirmation of Customs Administration of Islamic Republic of Iran. National banks have the obligation to accept the certificate of origin subject of the present Note.

Article 11- Goods produced or processed inside the zone when imported into other parts of the country shall be considered legitimate internal products to the extent of the total added value and the value of internal raw material and parts utilized in parts and shall be exempt of import customs duties.





Note 1- The terms of determining added value shall be clarified in the executive bylaw of the present Law.

Note 2- Foreign raw material and parts utilized inside the produce or processed goods shall be considered legitimate internal raw material and parts on the condition that their import customs duties are paid.

Commercial profit included in import customs duties of cars and their separate parts shall be determined by the observance of Art.(72) of Drafting Part of State Financial Regulations Law enacted on Bahman 27, 1380 (February 16, 2001).

Article 12- Customs of Islamic Republic of Iran has the obligation to accept the request of the owners of goods for direct transit of goods from other entrance roads into the zone and to provide them with due facilities and services.

Article 13- The director of the zone shall discern the duration of stay of goods entered the zone. Rules pertaining to the stay of goods inside places and areas of the zone shall be developed and exercised by the organization.

Part IV -Investment and Registration Regulations

Article 14- Terms of acceptance, import and export of foreign investment and benefit derived from it as well as conditions and the extent of contribution of foreigners to the activities of each zone shall be determined and exercised according to the provisions of Law on

Encouragement and Protection of Foreign Investment enacted on Esfand 19, 1380 (March 10, 2001) .

Article 15- Upon the request of the organization of the zone and according to bylaw approved by Ministerial Board State Registry of Deeds and Landed State Properties is duty-bound to take the following measures:

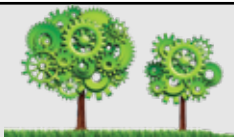
A- Registering companies or company branches and agencies intend to perform activity inside the zone apart from the amount of their contribution to internal and external shares as well as registering material and spiritual ownership in the zone.

B- Separating properties and premises situated in the zone according to the view of organization of the zone and issuing related separable ownership deeds with the observance of state current laws.

Part V -Miscellaneous Obligations

Article 16- Affairs related to occupation of manpower, labor relations, insurance, and social security in the zone shall be executed according to approved current regulations of free trade-industrial zones.

Article 17- All rights of real persons and legal entities achieved before establishment of the zone shall be valid and continuation of activities within shall be legitimate within the frame work of comprehensive plan of the zone.





Article 18- Ministries, organizations, institutes, state-owned companies and state-affiliated companies shall provide the zone with due services including electricity, water, telecommunication, fuel, and other services within the scope of their legal duties and capabilities and based on currently approved prices of that geographical region.

Article 19- The zones are subject to the present Law and the organization in charge of the zone established by the date the present Law was enacted, in order to continue their activities, are duty-bound to come to the conformity with the provisions stipulated in the Law within the maximum of one year after the enactment of the same.

Article 20- The boundaries of special economic zone are within the customs territories of Islamic republic of Iran and the customs is obliged to be established at the entrance and exit roads in order to exercise import and export regulations with the observance of the provisions of Art.(8) of the Law.

Article 21- Activities performed inside each zone except those referred to in the Law are subject to other rules and regulations of Islamic Republic of Iran.

Article 22- The state-owned organizations in charge of the zone is entitled to dispose of its own buildings and properties inside the zone to other parties based on established prices.

Note- Lands subject of the present Article shall be

transferred by beneficiary real persons or legal entities upon the submission of Work Completion Certificate issued by the organization of the zone.

Article 23- from the date of enactment of the Law all legal rights, powers and duties of Agricultural Jihad Organization and Forest and Rangelang Organization in Lands and Natural Resources Affairs of each zone with state-owned or state-affiliated organization shall be born by the same organization.

Article 24- According to related rules the exercise of estate affairs shall be born by the organization.

Article 25- Executive bylaw of the present Law shall be approved by Ministerial Board upon the proposal of the Ministry of Economy and Finance, Ministry of Trade, State Management and Planning Organization, and Supreme Council Secretariat of Free Zones. The above-said Law including twenty five Articles and twelve Notes was enacted in an open session by Islamic Republic of Iran's Consultative Assembly on Khordad 11, 1384 (June 1, 2005) with several amendments by the note of Art.(1) and addition of a Note thereto it and by Art.(3) Notes (1) and (2) and addition of Article (24) thereto.

Gholam
Ali Haddad Adel

Parliament Speaker





The executive by law of the Law on Establishing and Managing Special Economic Zones

By virtue of Article 138 of the Islamic Republic of Iran's Constitution, and with the notice to an approval No. 34804/11039 dated on May 19th, 2006, the cabinet ministers, who are members of the Council for Free Trade Industrial Zones, approved the executive bylaw of the Law on Establishing and Managing Special Economic Zones of Iran' During their session dated on May 22th, 2006. The bylaw is as follow:

Article 1—In this bylaw, following terms are used instead of full names and phrases:

Country: the country of the Islamic Republic of Iran

Customs: Islamic Republic of Iran Customs Administration

High Council: High Council for Free Trade Industrial Zones and Special Economic Zones

Secretariat: Secretariat of the High Council for Free Trade Industrial Zones and Special Economic Zones

Law: Law on Establishing and Managing Special Economic Zones

Zone: every Special Economic Zones

Organization of zone: governmental or non-governmental legal entity that is proposed by the secretariat and is selected by the high council. The entity is charged with managing the zone.

Article 2— The comprehensive plans of the zones are prepared by the organization of the zone.

The plans will be approved by the high council , if proposed by the secretariat.

Article 3— The report and a draft bill on the establishment of the new Special Economic Zones are prepared by the secretariat, and will be presented to the cabinet after being approved by the high council.

Article 4— The director of the zone is appointed by the zone's organization.

Article 5— The ownership of lands for an organization, prior to the cabinet permission, is required for the determination of the organization.

Article 6— In addition to services rendered by executive bodies, the zone's organization can take funds for the services it renders in the zone, such as public, infrastructural and engineering services, connection facilities, warehousing, loading and unloading, sanitary, cultural, communications, education, and welfare. The tariffs for the said funds should be in accordance with the rendered service and maintain the competitive status of the zone. The tariffs are determined by the organization and are presented to high council for approval. The high council





must within a month review the tariffs to approve or reform them; otherwise the proposed tariffs will be considered approved.

Clause 1— Observe of the regulations of the engineering system and the use of proposals by consulting engineers and contractors should be taken into consideration, as far as rendering engineering services are concerned.

Clause 2—The zones' organizations are tasked to prepare opportunities for rendering the above-mentioned services by the non-governmental sector. In this case, the tariff rate for the said services is determined and applied by the zones' organizations.

Article 7— The zones' organizations is tasked to observe and implement governments' regulations and policies, when issuing permission for activities.

Clause — In case the permissions issued by the organization are not in accordance with the government's regulations and policies, the organization will be responsible for the compensation of damages imposed on real and legal entities.

Article 8— The zones' trade exchanges with overseas or with other domestic Special Economic Zones, and, free trade industrial zones are permitted. The exchanges require offering a customs declaration, without any other formality.

Article 9 — According to laws on exportation and importation, goods that are imported to the zone from

other parts of the country to be completed or repaired, and are returned to the country after completion and repairing, will have import rights to the extent of the value of the parts and materials changed or added which have foreign origin.

Article 10 — Under the organization's permission, no formality is needed for the re-taking of the overseas-imported goods to abroad and internally-imported goods to inside the country, in case information is given on the goods.

Article 11 — Foreign raw materials and parts that are entered the zone and used for processing, converting, completing, or repairing follow the regulations of temporary entrance. After being processed' converted, completed or repaired, they are returned to the zones at the least customs formalities.

Article 12 — Transportation institutes or owners of transportation vehicles, at the time of entrance of the vehicle to the zone, must submit to the organization's zone and the zone-based customs office a copy of the bill laden of each item of their products plus the list of the whole load, for the legal supervision.

Article 13 — The value added subject to Article 11 is determined by representatives from industries and mines ministry, commerce ministry, the Central Bank of Iran (CBI), I.R.I Customs Administration, the secretariat and related zone.

Clause 1—The total value-added and the value of





raw materials and part used for products, which are determined by the above-mentioned commission, is regarded as internal cargo and is exempted from entrance rights when being entered to other parts of the country.

Clause 2— The entrance for the cargo surpassing the value-added is determined in the zone.

Article 14 — The organization, on the back of the warehouse bill, can mention the deadline as a condition and receives the good's owner's signature. The organization can mention that, if the cargo owner fails to withdraw his cargo within the deadline or fails to decide what to do, the organization will be authorized to implement its regulations, within a month after a written warning is sent to the owner.

Clause— The goods is a real or legal entity, its acting director, or a person in charge of carrying the cargo, for whom the cargo manifest or separated warehouse bill or endorsement has been issued.

Article 15 — If asked by the zone's organization, the Department for Deeds and property Registration must register companies or representative office of the companies intending to have activities at the zone— regardless of the amount of their internal and external shares—and the registration of various kinds of properties including intellectual. The registration should follow registration regulations of companies, and industrial and intellectual ownerships at Iran's free trade industrial zones, subject to the approval No. B15011E/21453 dated on April 20th,2005 and further reformations.

Clause— at special economic zones, Department for Deeds and property Registration is in charge of tasks and authorities subject to paragraphs 3 and 6 of Article 1, and articles 2 and 3 of the approval.

Article 16 — Any land division and issuing ownership documents are implemented by Department for Deeds and property Registration, if requested by the zone's organization. The organization should be informed of any land conveyance between real and legal entities, at every stage. The conveyance should observe related law and regulations.

Clause— Separate ownership document is issued only after the certificate on ending work is issued by the zone's organization.

Article 17 — Affairs related to manpower employment. Labor relations and social security, job contract, job conditions and resolving rows, follow the regulations of manpower employment, insurance and social at free trade industrial zones, subject to the approval No. B25E/33433 dated June 20th,1994.

Clause— In the said approval to be implemented at the special economic zones, the phrase "free trade industrial zone" is substituted with the phrase "special economic zones".

Article 18 — Zones' organization are tasked with submitting a list of their monthly exports and imports to the commerce ministry, the I.R.I. Customs Administration, the Central Bank of Iran (CBI), and the secretariat.





Article 19 — In order to achieve goals, the secretariat is tasked with to have full supervision on the performance of zones. And submit a report on their performance to the high council every six months. The zones must be accountable to the high council for their performance.

Clause— When fulfilling this task, the secretariat should review all the documents of the organization, including notebooks, files, contracts and letters. The organization is tasked to cooperate with the secretariat.

Article 20 — The cases that are undecided as far as the the law and the bylaw are concerned, will be dealt with based on rules of exportation and importation and the customs affairs. The approval has been ratified by the president on May 23th,2007.

Regulations on Employment of Workforce, Insurance and Social Security in Free Trade-Industrial Zones of the Islamic Republic of Iran

Chapter one: Generals

Article 1- In these regulations, the following terms are used in lieu of the corresponding phrases:

Country: The State of the Islamic Republic of Iran.

Zone: Each one of the Free Trade – Industrial Zones of the Islamic Republic of Iran.

Secretariat: The Secretariat of the High Council of Free Trade–Industrial Zones.

Authority: The Free Trade – Industrial Zone Organization.

Regulations: Regulations on the Employment of Human Resources, Insurance and Social Security, subject of Article 12 of the Law on Administration of the Free Trade – Industrial Zones.

Employee: A person who works in any capacity under the order of an employer in return for wages or a salary.

Employer: Is a natural or legal person under whose





order an to his account and employ works in return for wages or a salary.

Workplace: Is a place, such as industrial, agricultural, mining, construction, passenger transport, services, trading, manufacturing, public establishments and the like, where an employee works under the order of an employer or his representative.

Wages: An amount in cash or kind or a combination of both which is paid to an employee in return for performing a task.

Fixed Wages: The total sum of wages and fixed fringe benefits paid as by virtue of the profession concerned.

Salary: Whenever wages are set and paid on a monthly basis, they are categorized as salary.

Work period: The period during which an employee places his energy or time at the disposal of an employer for performing some task.

Article 2- All the employees, employers and workplaces in the Free Zone are subject to the provisions of this decree.

Note: Persons falling under the scope of the Civil Employment Act and or employment laws and regulations, as well as workers employed in family workplaces whose work is performed exclusively by the owner, his/her spouse and first – degree family members, are exempt from the provisions of these regulations.

Article 3- Supervision over the implementation of the provisions of this decree, upholding the rights of the employers and employees, and the discharging of obligations in connection with employment contracts shall be vested with the Zone Authority.

For the purpose of fulfillment of obligations by employers vis-à-vis their employees, the Zone Authority is empowered to obtain necessary guarantees and, in the event of non-performance of such obligations by the employers, to fulfill the employers' obligations or the awards issued by legal or judicial authorities and courts, by way of utilizing such guarantees.

Article 4- In cooperation with, and the participation of, employers and employees, the Zone Authority shall provide welfare benefits, needed by workers, such as housing, sport facilities, health and medical services and facilities for the procurement of foodstuff and basic necessities.

Article 5- The Ministry of Labor and Social Affairs shall, in cooperation with each Zone Authority, establish a Labor and Employment Services Office in each Free Zone. This office shall regulate the labor market and supervise matters relating to work safety and health and other related insurance issues.

Note1- The head of Labor and Employment Services Office shall be appointed by the Minister of Labor and Social Affairs, upon proposal by the Zone Authority.

Note 2- The head of Labor and Employment Services





Office is obliged to dispatch every Three months a report on the performance of the said office to the Ministry of Labor and Social Affairs.

Article 6- Labor inspectors shall inspect the workplaces subject to this decree. Employers and the Zone Authority are obliged to take measures at prescribed intervals for redressing shortcomings in matters relating to safety and security of the work environment and put into force the legal recommendations of the labor inspectors.

Chapter Two: Employment Contracts

Article 7- An employment contract is a written contract according to which an employee performs certain tasks for an employer for a fixed or unfixed time in return for a specified amount of wages.

Note 1- Whenever the work period is not fixed, the date of the completion of a work or project or the activities of the workplace, shall be considered the expiry date of the contract, taking in to account the nature and type of the work concerned.

Note 2- In cases where the work by its nature is permanent and the work period is not specified in the contract, it shall be considered permanent.

Note 3- With respect to contracts for a temporary period or specific job, neither party is allowed to unilaterally terminate the contract (except in cases provided for in the employment contract). In the event of unilateral termination of the contract by one of the parties, the

other party may claim damages through the Board for Settlement of Disputes.

Article 8- The continuous nature of work shall have no bearing on the permanence of the contracts concluded for a specified period.

Article 9 - Observance of the following conditions is essential for the validity of a contract:

- 1)The legitimacy of the purpose of the contract
- 2)Explication of the subject of the contract
- 3) Absence of legal and religious prohibitions for the parties in

possession of the property or the performance of the job concerned.

Note - All employment contracts are deemed to be valid, unless proved null and void by competent authorities.

Article 10- In addition to containing the exact particulars and identity of the parties, an employment contract must include the following provisions:

- a) The type of the work, task or duties that an employee is to perform
- b) The salaries, wages and benefits
- c) Work hours, holidays and leaves of absence





- d) The place where the work is to be performed
- e) The date of signing the employment contract
- f) The duration of the contract; if the work is temporary
- g) Welfare and motivational benefits to be given to the worker
- h) The manner of the settlement of disputes, with due regard to the provisions of this decree
- i) The manner of the termination of the contract, with due regard to the provisions of this decree
- j) Other aspects, warranted by existing conditions and circumstances, which the parties deem necessary to be inserted in the contract.

Note 1- Employment contract shall be executed in three copies, one of which shall be kept by the employee, another one by the employer, and the other by the Zone Authority.

Note 2- The Zone Authority shall prepare the sample of employment contracts required by workplaces in two languages one of which shall be in Farsi- and put them at the disposal of workplaces.

Article 11- The employer may fix a period of time, called a probation period, during which either party may, without prior notice or payment of an indemnity, terminate the work relationship.

The probation period shall be agreed by mutual consent of the parties and specified in the contract, but it shall not exceed one month for unskilled and semi-skilled workers and three months for skilled workers.

In any event, wages and work benefits accruing to a worker whose work discontinues in the course or at the end of probation period shall be paid for the duration of this employment.

Note- Probation contracts for a specific job may be entered into only once between an employee and employer.

Article 12- An employment contract may be terminated as a consequence of one of the following causes:

- 1) Death of the employee;
- 2) Retirement of the employee;
- 3) Total disability of the employee;
- 4) Expiry of the tenure of an employment contract concluded for a specified period;
- 5) Completion of work contracted for specific work;
- 6) Cancellation of the employment contract by the employer and the employee in cases stipulated in the employment contract in accordance with this decree ;
- 7) Employee's resignation.





Article 13- Whenever the dismissal of an employee is caused by non-compliance with disciplinary work regulations, the employee may complain to the Board of Dispute Settlement provided for in this decree. The said board shall adopt a decision based on the provisions of this decree and the disciplinary regulations applied in the workplace.

Article 14- Any change in employment conditions is contingent upon having been provided for in the employment contract and if the circumstances and conditions in the workplace necessitates such a change.

Whenever an employer, without due consideration to the employment contract and without the consent of the employee, initiates a change in employment conditions in such a way that the employee suffers in terms of wages or prestige, the employee is entitled to lodge a complaint with the Board for Settlement of Disputes and seek relief

Chapter Three: Conditions of Employment

Article 15- Employment of persons below the age of 15 years is prohibited.

Article 16- Daily working hours of a worker shall be decided on by mutual agreement of the parties concerned; but, in any event, working time shall not exceed 176 hours in four successive weeks.

Article 17- Day shift work is the work whose duration of performance is from 6.00 to 22.00 hours the and night shift is the work which is performed between 22.00 to

6.00 Mixed shift work is work performed partially at night and partially during the day,

Article 18- Intermittent work is that which is not typically performed in successive hours, but is rather done in specific hours of day and night.

Article 19- Shift work is the work that rotates during the course of a month in such a way that it is performed in the morning or afternoon or at night.

Article 20- In accordance with a concluded contract, whenever the work is performed as shift or night – shift work, benefits paid for these types of work shall be fixed on the basis of the employment contract, mutual agreement of the employee and employer, and the conditions and circumstances of the workplace.

Article 21- Taking of the weekly holiday (Friday), annual paid leave and official holidays shall be subject to the agreement between the parties and, whenever with the agreement of the employee, such leaves are postponed to other days and/or not utilized, due benefits shall be paid on the basis of prior agreement decided by both parties.

Article 22- In addition to the country's official holidays, international Labor Day (May 1 st) shall also be one the official holidays for the workers.

Article 23- In the event of the termination or expiry of the employment contract, retirement, total disability of the employee and/or closure of the workplace, the amount due to an employee on account of unused paid leave shall be paid to





him/her and, in the event of his/her death, to his/her inheritors.

Article 24- An employee's annual paid leave, including Fridays, total 20 days; Holidays other than Friday, shall not be counted as leave days. For employment lasting less than one year, the said leave is computed in proportion to the days worked.

Article 25- Any overtime work performed during a four – week period which exceeds the 176 hours specified in Article 16 of this decree, requires payments of benefits as contained in the employment contract.

Article 26- The minimum wages paid in the Zones shall not be less than the minimum legal wages of the country.

Article 27- Equal wages must be paid to men and women for the same work performed under the same conditions in the same workplace. Discrimination in the amount of wages paid by reasons of age, sex, race, ethnicity and political or religious beliefs is prohibited.

Article 28- In cases where, by mutual agreement of the parties, a part of the wages is paid in kind, determination of the cash value for this type of payment must be fair and reasonable.

Chapter Four: Board of Settlement of Disputes Article 29

Any dispute between an employee and employer arising from the implementation of this decree and that of the employment contract, shall be settled initially in an amicable manner.

Whenever disputes are not settled amicably, the matter shall be referred by either party to the Board of Settlement of Disputes within 10 days

Article 30- The board mentioned in the above Article is composed of:

The employer in question, or his/her fully authorized representative.

The employee in question, or his/her fully authorized representative.

The representative of the Zone Authority.

Note- The Board of Settlement of Disputes is obliged to examine the case and issue its ruling within 10 days from the date of the receipt of the complaint.

Article 31- The rulings by the Board of Settlement of Disputes shall be final and enforceable within 10 days after the date of serving notice to the parties concerned, and shall be executed by the judgement executing section of the justice administration.





Article 32- An employee whose employment contract is terminated by the employer may, within 15 days, refer to the Board and request investigation of the case.

Article 33- Whenever the dismissal of the employee is judged justified by the Board of Settlement of Disputes, the Board shall confirm his/her dismissal and shall obligate the employer to pay 15 days of salary to the employee for each year of his/her service.

Article 34- Whenever the dismissal of the employee is not judge justified by the Board, the employer shall have the option of either reinstating the employee and paying his/her salary for the period of suspension or pay his/her, by way of compensation, 45 days of salary for each year of his/her service.

Article 35- Taking into consideration the economic and social conditions and circumstances, the Secretariat of the High Council shall prepare standard labor disciplinary regulations in coordination with the Ministry of Labor and Social Affairs and each Zone Authority, and shall communicate to the Authorities of the Free Zone for implementation.

Article 36- The employer of each workplace located in a Zone shall prepare labor disciplinary regulations for his/her own workplace and put the same into force, subsequent to obtaining approval from the Zone Authority.

Chapter Five: Training and Recruitment

Article 37- In coordination with each Zone Authority, the Ministry of Labor and Social Affairs shall compile statistics and data, as may be required, on human resources by obtaining them from workplace and institutes established in the Free Zone.

Article 38- Authorities of the Zones shall provide employment services through issuance of permits for the establishment of non-governmental employment agencies in the Free Zone.

Article 39- In coordination with the Ministry of Labor and Social Affairs (the Organization for Technical and Professional Training), and with due regard to Article (9) of the Law on the Administration of the Free Trade-Industrial Zones, the Zone Authority shall establish technical and vocational training centers, in consideration of the requirements of the labor market.

Article 40- In cooperation with the Labor and Employment Services Office, as well as the employers, the Zone Authority shall introduce applicants to the technical and vocational training centers.

Note- Rules concerning the dispatching of such persons for training and the manner of organizing training courses and the like, shall be adopted by the Zone Authority in cooperation with the Labor and Employment Services Office.





Chapter Six: Employment of Foreign Nationals

Article 41- All the employers of workplaces established in the Zone are obliged, to the extent possible, to satisfy their labor requirements by employing Iranian workers. Nevertheless, in such workplaces, the services, expertise and skills of foreign experts can be used, subject to the conditions set forth in this decree.

Note- The number of foreign employees shall, in any case, not exceed ten percent (10%) of the total number of persons employed in each Zone.

Article 42- At the discretion of, and upon the request by, the Zone Authority, a work permit shall be issued by the Labor and Employment Services Office in the Zone, in accordance with the provisions of Article (41) and the Note thereof.

Article 43- Foreign nationals who work in the Free Zones shall undertake to train Iranian employees in their field of expertise during the period of their employment. The manner in which the expertise of foreign nationals have to be transferred to Iranian employees shall be determined by the Authority of each Zone.

Article 44- At the time of the termination of the employment contract, the employer who had entered into an employment contract with a foreign national as well as the foreign national whose contract has expired, are obligated to convey the matter to the Labor and Employment Service Office of the Zone Authority concerned.

Article 45- Workplaces located in a Zone are required to prepare and communicate to the Zone Authority's Labor and Employment Services Office, once very six months, a list containing the name, nationality, expertise, job and wages of their employees.

Chapter Seven: Social Security

Article 46- The Authority of the Free Zone is required, independently or jointly with the Social Security Organization and/or insurance companies to establish a "Fund or Funds" for the purpose of providing medical services, wage indemnities for periods of sickness, pregnancy, partial or total disability, retirement and other similar cases for employees covered by these regulations in the Free Zones.

Note- In accordance with laws and regulations on social security, the Social Security Organization may also render, independently, the various insurance services to the domestic and foreign employees engaged in the workplaces located in the Free Zones.

Article 47- The employment record of those workers employed in workplaces located in the Free Zone, who, in the past, were subject to the Social Security Act and who had paid social security premiums to the Social Security Organization, as well as the workers subject to the regulations of this decree who have paid social security premiums to the fund, shall be maintained and are entitled to transfer such record to their future employer.

Note- Rules and guidelines governing the record of





this type of persons and the computation thereof shall be prepared by the Zone Authority and Social Security Organization and approved by the High Council of Free Trade–Industrial Zones.

Article 48- Foreign nationals working in the Free Zone are entitled to avail themselves of the benefits of the relevant Fund.

Article 49- Foreign nationals authorized to work or reside in the Free Zone Shall be subject to the regulations of the “insurer”. In any case, insurance of the foreign nationals shall be undertaken with due consideration to reciprocal agreements.

Article 50- Rules and guidelines governing the determination of per capita insurance premiums for foreign nationals, the manner of establishing a Fund or Funds and regulations governing thereof; the relations between Funds and the Social Security Organization and/or other insurance companies, the manner of transferring the insurance record of foreign nationals to the country, and other related issues shall be prepared by the Secretariat of the High Council and the Social Security Organization and approved by the majority of the Ministers of the High Council of the Free Zones.

Chapter Eight: Miscellaneous

Article 51-The conventions and resolutions of the International Labor Organization shall be binding in the Free Zones.

