Summary

Timetric’s ‘Iran’s Mining Fiscal Regime: H1 2015’ offers detailed information pertaining to the government agencies regulating and monitoring the mining industry and the relevant laws and regulations applicable in Iran. It also presents information about the application and licensing process for mining in the country.

This report brings together Timetric Mining Intelligence Center’s research and analysis expertise in order to develop uniquely detailed fiscal and regulatory data, allowing the investment companies, domestic and foreign mining companies and mining equipment, technology and service providers to identify the government authorities, laws and taxes to facilitate investment decision making in the Iranian mining industry.

Synopsis

Timetric’s Iranian fiscal regime covers the governing bodies, laws, licenses and tax-related information on six commodities: coal, iron ore, copper, zinc, lead and chromium.

Reasons to Buy

To gain an overview of Iran’s mining fiscal regime
EXECUTIVE SUMMARY

Iran has significant mineral deposits of coal and iron ore. The Ministry of Industries, Mines and Trade is the primary body for governing Iran’s mining industry. Mining Act of the Islamic Republic of Iran, deals with all matters related to the prospecting, exploration and exploitation of minerals.

Timetric’s Iranian fiscal regime covers the governing bodies, laws, licenses and tax-related information on six commodities: coal, iron ore, copper, zinc, lead and chromium.

The table below details the main taxes and rates applicable to the country’s mining industry:

<table>
<thead>
<tr>
<th>Particular</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty</td>
<td></td>
</tr>
<tr>
<td>From underground mine</td>
<td>XX</td>
</tr>
<tr>
<td>From open pit mine</td>
<td>XX</td>
</tr>
<tr>
<td>From underground mine and open pit mine</td>
<td>XX</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>XX</td>
</tr>
<tr>
<td>Value Added Tax</td>
<td>XX</td>
</tr>
</tbody>
</table>

Table 1: The Mining Industry in Iran – Fiscal Regime Terms and Other Taxes (%), 2015

The figure below provides an overview of the mines at various stages of the commodities mentioned above:

Figure 1: The Mining Industry in Iran – Commodity Mines at Different Stages (Number of Mines), 2015

Source: Timetric analysis © Timetric
2 THE IRANIAN MINING INDUSTRY – GOVERNING BODIES

2.1 Ministry of Industries, Mines and Trade

The Ministry of Industries and Mines is the agency of the Iranian government responsible for the formulation, regulation and implementation of policies applicable to the industrial and mining sectors.

The ministry aims to:

- Establish the nation’s position as a leader in the region in industry, trade and mining.
- Diversify the economy form major sources of revenue from non-oil and non-government sectors.
- Diversify the country’s export portfolio.
- Attain a trade balance between import and export.

2.2 Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO)

The Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) is a state-owned holding company, established with the objective of investigating, formulating and carrying out plans for the advancement, growth and overhaul of metallurgy production, as well as mineral exploitation and processing. As well as conducting discovery plans, the institution also plays a supervisory role in the promotion, development and management of mines.

Its main strategic goals are:

- To increase investment in mining sector.
- To promote the research and introduction of new technology in the mining sector.
- To develop human resources for the mining industry.
3 THE IRANIAN MINING INDUSTRY – GOVERNING LAWS

3.1 Mining Act of the Islamic Republic of Iran

All matters related to the prospecting, exploration and exploitation of minerals are covered under the framework of the Mining Act. This is the legislative code that governs mining activities in the country.

3.1.1 Executive Regulations of the Mining Act

3.1.1.1 Exploration

- An exploration license can be obtained by the public, cooperative and private (Iranian/foreign) from the Ministry of Mines and Metals.
- The maximum area allocated for an exploration license is XXkm².
- The maximum area for first category minerals such as limestone, gypsum, ordinary sand gravel and so on is XXkm², while for decorative stone it is XXkm². In certain cases, a bigger area can be allocated at the discretion of the Ministry.
- An exploration license is valid for XX year. This period can be extended for second category mines at the discretion of the Ministry of Mines and Metals. Iron and other minerals fall under second category mines.

3.1.1.2 Exploitation

- The period of exploitation is determined by the mining ministry, taking into consideration the mine reserve, approved exploitation plan and mine potential. Ideally, the exploitation period should be at least twice the capital recovery period, and should not exceed XX years.
- To renew the exploitation license, license holders must submit an exploitation plan for the relevant period, the mine’s current status and associated customer status for at least XX year before the license expires.
- The exploitation license – including its obligations and requirements – is transferable by the consent of Ministry of Mines and Metals.
- At the end of each year of exploitation, the license holder must prepare a complete report detailing operations related to the mine, production sales estimates, income and expenditure and the quantity of overburden removal.
Related Reports
Chile’s Mining Fiscal Regime: H1 2015
Democratic Republic of Congo’s Mining Fiscal Regime: H1 2015
Papua New Guinea’s Mining Fiscal Regime: H1 2015
Peru’s Mining Fiscal Regime: H1 2015
# TABLE OF CONTENTS

1 Executive Summary ................................................................................................... 1

2 The Iranian Mining Industry – Governing Bodies ...................................................... 5
   2.1 Ministry of Industries, Mines and Trade ................................................................. 5
   2.2 Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) ................................................................. 5

3 The Iranian Mining Industry – Governing Laws ......................................................... 6
   3.1 Mining Act of the Islamic Republic of Iran ............................................................... 6
      3.1.1 Executive Regulations of the Mining Act .......................................................... 6

4 The Iranian Mining Industry – Key Fiscal Terms ........................................................ 7
   4.1 Royalty .................................................................................................................... 7
   4.2 Corporate Tax .......................................................................................................... 7
   4.3 Capital Gain Tax ....................................................................................................... 7
   4.4 Depreciation Rates ................................................................................................. 7
   4.5 Loss Carry Forward ................................................................................................. 8
   4.6 Tax on Foreign Companies ..................................................................................... 8
   4.7 Value Added Tax (VAT) .......................................................................................... 8

5 Appendix .................................................................................................................... 9
   5.1 Abbreviations ......................................................................................................... 9
   5.2 Secondary Research ............................................................................................... 9
   5.3 Primary Research .................................................................................................... 9
   5.4 Contact Timetric ..................................................................................................... 9
   5.5 About Timetric ...................................................................................................... 10
   5.6 Timetric’s Services ................................................................................................. 10
   5.7 Disclaimer ............................................................................................................. 11
LIST OF TABLES

Table 1: The Mining Industry in Iran – Fiscal Regime Terms and Other Taxes (%), 2015

Table 2: The Mining Industry in Iran – Royalty Rates (%), 2015

Table 3: The Mining Industry in Iran – Depreciation Rates (%), 2015
LIST OF FIGURES

Figure 1: The Mining Industry in Iran – Commodity Mines at Different Stages (Number of Mines), 2015 ............................................ 1