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**Investment Advantages and Incentives
in
Kermanshah Province**

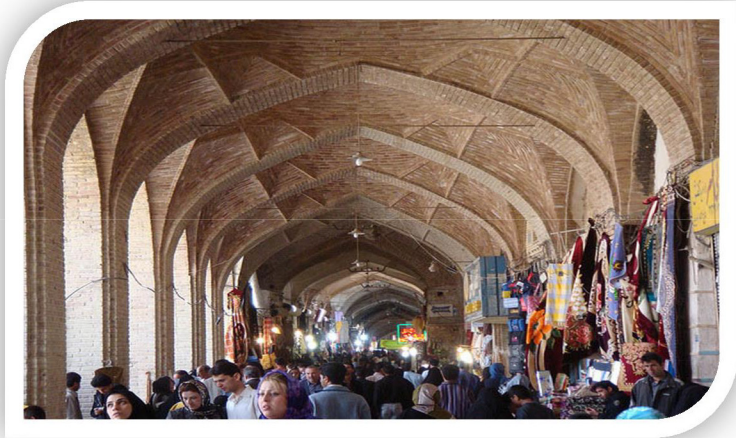
**Deputy of Economic Affairs and
Investment Services Center**

2017 summer

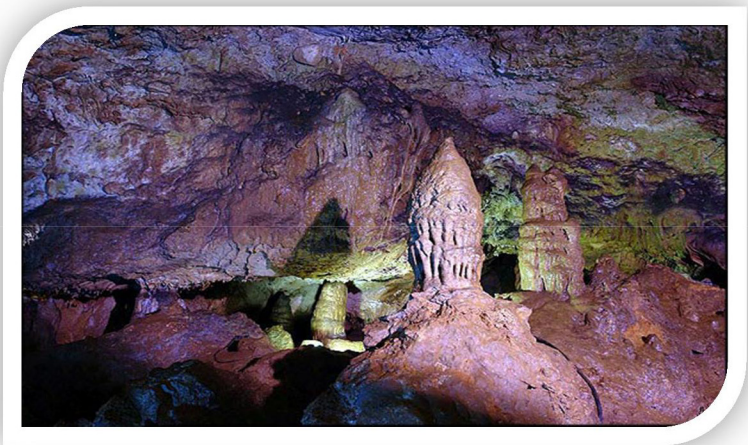
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Traditional market



Qorii Qhleh Cave



Nilofar wetland



Tag- Davoud



Supreme Leader:
Investment and Entrepreneurship a new and great
Affair



President:

Facilitating affairs regarding foreign investment is on the agenda for my government. All requirements required for foreign traders and investors inside Iran will be provided.



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Introduction

Recent developments in the world, particularly the globalization trend, have made a close connection between trade and foreign investors leading some acts to be approved regarding foreign investment in the last half-century. These rules have usually been implemented in order to encourage foreign investment and/or positive efforts through creating financial motivations, providing tax discount, supplying land and offering services with preferable conditions...., and different economic discussions in order to develop and renewing existing units, developing the export of manufacturing commodities, supporting units including designing, engineering, assembly design, industrial decentralization and development. Developing investment incentives provides a new condition for investors so that they can invest in a more appropriate condition. Thus, assigning specific incentives to attract maximum investors and promoting capital market has been considered and emphasized by officials and policy makers on this issue from the last years because effective investment incentives can lead to providing economic transparency, increasing production and decreasing unemployment rate and organizing investment on social and economic scenes, if it is performed properly.

In this regard, attracting investors to offer new incentives and advantages and updating them has become one of the economic competition fields among countries across the world, and consequently, among provinces in Iran in order to obtain a greater portion of investment. For this reason, along with national economic changes and developmental policies, the General Directorate for Economic Affairs and Finance of Kermanshah Province in cooperation with related bodies has collected investment incentives, which have an important role in promotion and improving the rate of investment in the province, and provided in the form of current book including incentives and benefits in all economic sectors (i.e. agricultural, industrial, services, medicine, tourism and etc). It is hoped that this book will be useful for dear investors and economic activists.

Ali Mohammadi

Ministry of Economic Affairs and Finance
Administration of Economic affairs and finance

1- Geographical Position of Kermanshah Province

1-1 Location:

Kermanshah Province is located in a mountainous region, with a land area of 25,900 km/square, in Western Iran and to having 370km common border with Iraq. The border of Iraq that shares land borders with Kurdistan Province in North, Lorestan and Ilam Provinces in South, Hamedan Province in East and Iraq country in West.

Kermanshah Province, with the centrality of Kermanshah city, currently has 14 counties, 21 towns, 31 districts, 86 rural districts, and 2793 inhabited villages.

This province is located at the main rout of East-to-West and Northwest to Southern regions directions, and the main rout of services and commodities transit to Iraq and that of holy shrines (Karbala and Najaf ashrafi) and it located in appropriate distance from economic pole of countries.

In terms of weather, Kermanshah Province has a diverse weather due to its geographical situation and being among Zagros Mountain chains; insofar as it is known as the four-season province.

1-2 Population:

This province with a population rate up to 2 million people has a landscape of demographic window of which the most population is on youth age and has the best condition in terms of active population. Approximately 72 percent of population is on active age, i.e. from 15 to 64 ages, and only 27 percent is on other ages, i.e. under 15 and up to 64 ages.



1-3 Industry

Kermanshah Province has more than 1,000 industrial operation licenses with an employment rate about 30,000 people. 92 percent of these units are small industries with less than 50 employees, 4 percent are medium industries with employees between 50 to 100 people, and also, 4 percent are large industries with more than 100 employees.

Currently, there are 3 active petrochemical units in the province and the fourth project in special economic zone of Eslamabad-e Ghrab and petrochemical development project of Kermanshah are under construction.

Moreover, manufacturing units including automobile, vegetable oil, cement, tile and ceramic, rebar and beam, dairy, a range of medicines, sugar, and tomato paste are of the most important industrial units of the province.

In industrial investment section of the province, 2000 industrial foundation licenses to create 57,000 new jobs have been issued of which the number of 370 items to create jobs for 10,000 employees have a physical progress more than 20 percent.

The 150,000-barrel refinery project, polypropylene production project, petrochemical development project to produce urea and ammonia, iron melting, 2-pieces aluminum can, bio-ethanol, corn oil, osseous bio-implants, and calcium carbon-based paper are the most important under-construction industrial plans in the province.

Regarding the strategic position and proximity with Iraq, this province has the best investment advantage to produce industrial productions and exporting to Iraq and other countries.

The main Manufacturing Units and Industrial Products of the Province

- 3 under-operation petrochemical units with a production capacity of 1 million tons per year(urea and ammonia, linear alkylbenzene, heavy polyethylene) (producing heavy polyethylene: 300,000 tons; producing linear alkylbenzene: 50,000 tons; producing urea and ammonia: 660,000 tons),
- 1 car manufacturing unit with a capacity of 50,000 cars at the 1st phase,
- 2 cement production units with a capacity of 3.6 million tons,
- 3 tile and ceramic production units with a capacity of 24.5 million tons per square,
- 3 rebar and beam production units with a capacity of 600,000 tons,
- 1 high-carbon ferromanganese production unit with a capacity of 5,000 tons,
- 3 tomato paste production units with a capacity of 60,000 tons,
- 1 vegetable oil production unit with a capacity of 300,000 tons,
- 2 sugar production units from sugar beet with a capacity of 120,000 tons,



- 12 medicine production units with a capacity of 340 million items of medicine and 200,000 tons of medicine raw materials,
- 1 crop pests toxins production unit with a capacity of 3,000 tons,
- 16 flour production units with a capacity of 600,000 tons,
- 19 poultry and livestock feed production units with a capacity of 1,000,000 tons,
- 33 stone cutting production units with a production capacity of 650,000m²,
- 5 plaster production units with a capacity of 675,000 tons,
- 1 textile production unit with a capacity of 10,000,000m²,
- 4 multi-layer bag production units, with no plastic content, with a capacity of 40,000 tons,
- 12 steel structural shed production units with a capacity of 125,000 tons,
- 1 pre-fabricated building parts production unit and with a capacity of 1.5 million tons,
- 3 licorice processing units with a capacity of 5,000 tons,
- 1 medicinal plants processing unit with a capacity of 1200 tons,

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- 40 car parts production units including:

4 car filter units	3 plastic parts units
1 battery manufacturing unit	26 metal parts units
4 car junk units	2 car electronic units

- 1 industrial precision parts(casting) production unit with a capacity of 700 tons,
- 1 municipality services machinery production unit with a capacity of 3400 devices,
- 2 steering wheel production units with a capacity of 600,000 devices,
- 1 car chassis production unit with a capacity of 80,000 devices,
- 7 poultry and livestock slaughterhouse units with a capacity of 340 tons per day,

The Main Operational and Under-Construction Industrial projects of the Province

- An under-construction petrochemical with 150,000 barrels per day to produce benzene, gasoline, and etc. with a capacity of 3 million tons,
- An under-construction petrochemical project to produce heavy polyethylene and polypropylene with a capacity of 735,000 tons,

- An under-construction petrochemical development plan of Kermanshah to produce urea and ammonia with a capacity of 660,000 tons,
- An under-construction industrial plan to produce bioethanole with a capacity of 76,000 tons,
- An under-construction industrial plan, i.e. ZamZam Caning, to produce aluminum can with a capacity of 12,000 tons,
- 2 under-construction industrial plans, i.e. iron melting, to produce light steel bullion with a capacity of 300,000 tons,
- An under-construction industrial plan to produce raw corn oil with a capacity of 182,000 tons,
- An under-construction industrial plan to produce industrial and European bread with a capacity of 9,000 tons,
- An under-construction industrial plan to produce carbonate calcium-based paper with a capacity of 7500 tons,
- 2 under-construction industrial plans to produce ferrosilicium with a capacity of 50,000 tons,

1-4 Mining

- With regard to having more than 1.1 billion tons of identified resources, Kermanshah Province has about 2 percent of total mining resources of the country and 20 out of 68 mining substances being identified in the country have been found in the province including bitumen, decorative rocks(marble, limestone, travertine,

Investment Advantages and Incentives

and granite), rubble trench, mountain mix, gypsum, feldspar, industrial soil, domolite, silica, mica, calcite, manganese, iron ore(hematite and magnetite), copper, lime and marlstone, pozzolan, precious and semi precious stones.

- This province ranks the 1st in terms of bitumen resources and has an appropriate rank in terms of decorative rocks so that Harsin marble has a global reputation.
- Currently, there are also 250 mining operation licenses with an employment rate of 2600 people and an investment of 1300 bilionRials in the province so that this relative richness and diversity along with geographical situation and climate diversity have been provided specific opportunities for development and
- promotion. Mining substances diversity and the wide scope of labor market in this sector from exploration to implementation and upstream industries along with agriculture and animal husbandry can become a field for development and promotion the province.
- Since research and explorations to identify and exploit mines have been considered in sort of the most important goals, it is appreciated to take action to provide the needs of domestic resources from these resources and make a field to develop different industries by preparing and performing proper plans in near future.



The Status of Important Mines of the Province

The presence of 32 bitumen mines with definitive accumulation equal to 1.3 million tons in the province (75 percent of total bitumen resources and ranks the 1st in the country)

the presence of 50 decorative rock mines(marble and domolite marble) with definitive accumulation equal to 46 million tons and exploiting 550,000 tons annually

The presence of 3 lime and marlstone mines with definitive accumulation equal to 360 million tons and exploiting 4.2 million tons annually

The presence of 10 gypsum mines with definitive accumulation equal to 40 million tons and exploiting 520,000 tons annually

The presence of 4 feldspar mines with definitive accumulation equal to 1.45 million tons and exploiting 80,000 tons annually

The presence of 6 silica mines with definitive accumulation equal to 21.5 million tons and exploiting 145,000 tons annually

Table of Mines Properties of Kermanshah Province

Mineral material	Number	Certain Storage(tm)	Annual Exploration
Rubble Trench	119	315.5	9392
Bitumen	20	1.2	74
Dolomite & Marble	27	23	287
Decorative Rock	26	20	628
Mountain Blend	19	43	1394
Gypsum	10	40	520
Silica	5	31	119
Feldspar	4	1	80
Lime Maroon	3	5.5	4200
Industrial Soil	4	3.8	74
Manganese	1	0.21	3
Goethite	1	0.22	5
Iron Ore	1	0.27	25



1-5 Trade

Kermanshah Province is one of the 5 provinces neighboring with Iraq that have 366km common border with this country. Active border marketplaces including Parvizkhan in Qasr-e Shirin, Sheikh Saleh in Salas-e Babajani, Shoushemi in Paveh, and Soumar in Ghilan-e Gharb, the presence of 3 official customs including Parvizkhan, Khosravi and Kermanshah, the presence of 2 big export terminals including Khosravi and Parvizkhan are some regional advantages in order to take 50-percent share of the province from trading with Iraq.

Proximity with Iraq has made the field to trade goods, services, passengers including tourists and medical tourism, transferring technical knowledge and etc. Although adopting some policies in foreign trade sector has caused decreasing exchanges trend, losses of manufacturer and exporter, and fading the role of the country, and as a result, the province in the field of commercial exchanges, the presence of ethnic, religious unities and of course a long relationship of the two regions have always been significant factors to develop interaction between the two countries, and thus, the role and share of the province in the field of commercial exchanges with Iraq have somehow been kept and continued.

Trade Infrastructure of the Province

- The presence of 2 official borders(Parvizkhan, and Khosravi)
- The presence of 3 official customs(Kermanshah, Khosravi, and Parvizkhan)
- The presence of 5 border marketplaces(Shoushemi, Sheikh Saleh, Soumar, Parvizkhan, and TilehKouh)

Handmade Carpet of the Province

The presence of 54000 carpet weavers
Producing 60,000m² of handmade carpet per year
The presence of 3,000 tons high-quality wool of Sanjabi race per year
Global registration of Sonqor carpet
Ranks the 12th in the country in terms of carpet production
The presence of 30 maps specific to Sonqor carpet
Export target markets: Germany, Italy, the USA, Greece, and etc.

Export Products of the Province

Including:

- Urea, cement, clinker, grains, foodstuff, steel, dairy, fruit and vegetable, cellular products, medicinal plants, handmade carpet, chickpeas, livestock, handicrafts, cosmetics, China sanitary products, tile and ceramic
- Exporting 3 billion dollars in 2015
- 50 percent of total export of the country to Iraq through boundaries of the province

1-6 Commerce

Kermanshah province were the route of silk road and merchants from the ancient era .Official customs of Khosravi and Parvizkhan borders marketplace in Qasr-e Shirin County in the neighborhood of Diyala Province and marketplaces including Shushemi, Nowsud, and Sheikh Saleh in Salas-e Babajani County in the vicinity of Sulaymaniyah in Iraq, and alsoSoumar border marketplace are some examples of



provincial capabilities in commerce sector. Moreover, the Karbala Highway has caused 48% of Iran's export to be transferred from Parvizkhan border, and also, daily exportation of 150 trucks containing goods from Khosravi border to Iraq country. According to statistics, Parvizkhan customs and marketplace is the largest and the most voluminous customs in terms of exporting goods to Iraq and known as the most valuable border marketplace in Iran and ranks the 2nd place following Bandar Abbas as the largest export customs in Iran.

Kermanshah Province has two special zones including Islamabad-e Garb Special Economic Zone, Kermanshah Special Economic Zone, and one free trade Special Economic Zone, Qasr-e Shirin.

1-7 Industrial Estates

Kermanshah Province has 23 active estates and industrial regions (including 21 public estates and industrial regions and 2 private industrial estates). All public estates and industrial regions have industry infrastructure facilities including water, electricity, telephone and gas and ready to welcome investors across the province. It should be noted that all of these estates and industrial regions are located at 10km far from the center of the province or county. Moreover, the whole lands provided for these public estates and industrial regions are more than 2,000hr.

1-8 Agriculture and Animal Husbandry

Agriculture and animal husbandry have always been depended on three factors, i.e. water, soil, and climate, that fortunately Kermanshah province can be one of the potential economic sectors and development axes for the province through having all the above-mentioned items. Regarding the annual precipitation about 475mm, that is twice the average rate of the country, Kermanshah Province is of those provinces with relatively appropriate situation in terms of water resources. Soil of the province is also fertile and there is the possibility of

planting all agricultural products except banana and coconut in Kermanshah, and also in terms of livestock productions, the situation to produce livestock products is ideal and desirable in Kermanshah.

The province's agricultural lands area is about 945,000hr involving 5 percent of total agricultural lands of the country of which about 906,000hr and 39,000hr are defined as agricultural lands and garden, respectively. About 79 percent of agricultural lands, i.e. about 715,000hr, is as dried land of which 26,000hr is flat plain. Regarding the climate conditions, it should be noted that the second cultivation of some of products such as maize and forage corn is possible in the province.

Because of geographical location and being located among the Zagros mountain chains, Kermanshah Province is known as a four-season province. This province has a diverse weather so that it has four seasons at the same time. For example, Qasr-e Shirin County has a hot weather and others like Sonqor and Paveh have a cold weather and Eslamabad-e Gharb has a moderate weather. In total, we can classify Kermanshah Province in three climate regions: cold, tropical, and moderate.

- Ø Cold region includes highland regions such as Kangavar, Sonqor, Paveh, Javanroud, and also some parts of Salas-e Babajani. Mild to hot summers and cold to very cold winters are of most important features of this kind of weather.
- Ø Tropical region includes lowland regions located in the west of the province such as Qasr-e Shirin, Soumar, Sarpol-e Zahab, and Gilan-e Gharb. Very hot summers and mild winters are some features of this kind of weather.

- Ø Moderate regions include a great part of counties such as Kermanshah, Eslamabad-e Gharb, Ravansar, Sahneh, Harsin, and a part of Dalahou. Mild to cold winters and hot summers are some features of this kind of weather.

Thanks to having appropriate environmental conditions and fertile lands, the province has a relatively high capacity in different sections including agriculture, gardening, and animal husbandry(livestock, poultry and beekeeping), and aquaculture. With regard to this situation, the main products of the province can be indicated as follows:

Kermanshah: wheat, maize, sugar beet, grains, nucleated fruits, fine-grained fruits, vegetables, animal husbandry and beekeeping

Eslamabad-e Gharb: sugar beet, wheat, barley, grains, nucleated fruits, and animal husbandry

Dalahou: wheat, grains, nucleated fruits, fine-grained fruits, animal husbandry, and fishery

Sarpol-e zahab: maize, grains, vegetables(tomato, cucumber, and potato), nucleated fruits, and animal husbandry

Gilan-e Gharb: wheat, forage, animal husbandry, and fine-grained fruits

Qasr-e Shirin: vegetables, fine-grained fruits, citrus, and fishery

Sonqor: wheat, sunflower, grains, forage, nucleated fruits, fine-grained fruits, and animal husbandry

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Javanroud: nucleated fruits, fine-grained fruits, dried fruits, and animal husbandry

Ravansar: wheat, maize, rapeseed, barley, fine-grained fruits, vegetables, and animal husbandry

Paveh: fine-grained fruits, dried fruits, pomegranate, and fishery

Sahneh: sugar beet, barley, vegetables, nucleated fruits, fine-grained fruits, dried fruits, medicinal plants, animal husbandry, and beekeeping

Kangavar: wheat, oiled beans, barley, forage, vegetables, fine-grained fruits, nucleated fruits, dried fruits, medicinal plants, animal husbandry, and fishery

Harsin: wheat, maize, sugar beet, forage, grains, vegetables(potato and onion), nucleated fruits, fine-grained fruits, dried fruits, medicinal plants, animal husbandry, and beekeeping

Salas: wheat, grained fruits(apple), fine-grained fruits, dried fruits, and animal husbandry

The main agricultural productions of the province at a glance:

Agriculture: wheat, barley, maize, sugar beet, rapeseed, nut sunflower(Sonqori seeds)

Animal husbandry: Sanjabi sheep, Kurd horse, cattle breeding industrial units



Gardening: Paveh's pomegranate, Dalahou's fig and olive. Also, this province ranks the 12th in the country in flower production with 8.5 cut flowers, ranking the 17th in the country with producing 4500 tons of out of season productions.

Converting industries: the presence of large factories of converting industries including RojinTaak Company(producing tomato paste), Nazgol Company(oil seeds oiling), Maize Cultivation Development Company(producing hybrid maize seed), wheat and barley winnowing and disinfection units, animal and poultry feed production units, poultry slaughterhouse units, wet maize drying units, and etc.

Current situation:

Producing about 3.2 million tons of agricultural productions, 260,000 tons of gardening productions, 448,000 livestock productions, the presence of 250 units of converting industries with a capacity of processing about 4 million tons per year, the presence of 53 grain storage silos with a capacity up to 1.2 million tons, the presence of cold storage room with a capacity

of 37,000 tons to keep foodstuffs, the presence of 480 fishery units with up to 16,000 tons of production. Moreover, this province ranks the 4th in wheat production, ranks the 2nd in maize production, ranks the 1st in chickpeas production, ranks the 4th in sugar beet production, ranks the 4th in rapeseed production, and ranks the 1st in sugar beet and maize in terms of performance per unit area.

1-9 Tourism and Services

Kermanshah Province has a rich historical background. In terms of history experts, Kermanshah province ranks the third place following Shiraz and Shush counties in terms of ancient relics. Some outstanding relics such as Bistoun and Taq-e Bostan are located inside the great city, i.e. Kermanshah. This province has 6 tourism areas and 14 tourism centers with more than 100 tourism locations. The most important tourism attractions of the province are including cultural –historical site Bistune. Taq-e Bostan, Traditional Market and Central Mosque, Niloofar Wetland, catacombs, historical settlement of GanjDareh, Darius Inscription, Shah Abbasi Caravanserai, Anahita Temple, SahnehDarband Wetland, Rijab river, Yazdegerd Castle, Abu Dujana Mausoleum, QoriQaleh Cave, Ravansar Wetland, Rijab Waterfall, Hajj and Shamshir Villages, BaziDeraz Mountain, Davod Catacomb

1-10 Infrastructures

Kermanshah, a province with 2,796km communication paths located at the silk way and the Holly Shrine road, and with 393km highway, 914km main path, plays a key role in goods and passengers transition in the region. Moreover, the western railway of Arak-Kermanshah is under operation and the railway of Kermanshah-Qasr-e Shirin in under construction. Kermanshah refinery, Bistoun power plant, oil and gas resources, the AshrafiEsfahani International Airport that is the largest airport in western Iran with 120 flights per week are other infrastructure advantages of the province.

2- Legal Framework for Investment Incentives in the Islamic Republic of Iran

- Ø The Law on the Promotion and Protection of Foreign Investment, adopted in 2002 and its implementing regulations
- Ø Five-Year-Old Sixth Development Plan
- Ø Amendment to Article 7 of the Law on the Implementation of General Policies of Article 44 (44) of the Constitution
- Ø Regulations on the Establishment of Investment Services Centers (Ruling No. 44458/26986 dated 1389/2010/02 of the Cabinet of Ministers)
- Ø The law of Direct taxes
- Ø Budget Act 1396
- Ø The act of performing permanent sentences of national developmental plans
- Ø The law of resolving obstacles to production(1395)

3- Incentives of Foreign Investment In the Islamic Republic of Iran

- Ø Foreign Investment Promotion and Protection Act (FIPPA)
- Ø There is no restriction on the percentage of foreign shareholding
- Ø The possibility of registering an Iranian company with 100% foreign capital.
- Ø Transfer of principal capital, dividend and the profits gained through the utilization of capital in the form of foreign currency or goods.

- Ø Enjoyment of same and equal treatment as accorded to domestic investors by foreign investors.
- Ø The possibility of investment by foreign natural and juridical persons and Iranians living abroad.
- Ø Allowing investing in all areas which are permitted to the private sector.
- Ø Granting protection coverage to all foreign investment schemes.
- Ø Quick approval of the foreign investment application
- Ø Issuing a three-year residence Permit for foreign investors, directors, experts as well as their immediate family members

4 –The Main Investment Incentives and Benefits of the Kermanshah Province

4-1 General Advantages

- Ø Having an appropriate and safe economic and social atmosphere to domestic and foreign investments and developing the economical, commercial activities with Iraq and Kurdistan province.
- Ø Being deployed at south-west communication axis in transit route of the country with Iraq and Kurdistan and the Southern ports.
- Ø Being deployed at pilgrimage axis of Karbala and North to west tourism and west country, transmission of millions of pilgrims and passengers
- Ø Facilitating the construction of required substructure including water, power, gas and etc. for plans.
- Ø Ecotourism high capacity due to climate variability, Jungle, Plant and animal diversity.
- Ø Suitable access to land and airways

- Ø Having investment service center and active investment office with weekly meetings to accelerate the process of issuing needed licenses and providing specialized consultation.
- Ø Average annual rainfall twice the average precipitation of the country (475 mm)
- Ø Two special zones including Ghasre Shirin (With the free zone approach) Islamabad-e Gharb Special Economic Zone
- Ø The pole of health, treatment, and medicine education in western Iran
- Ø The presence of western railroad and connecting Kermanshah to Iraq and Syria railway
- Ø The presence of 25 technical and vocational centers and 48,156 students
- Ø The presence of 8 under-operation dams with the capacity of 832 million per square
- Ø The presence of 393km highways, 914km main paths, and 1,928km by-way

4-2 General Incentives

- Ø Taking related licenses (natural, environmental, etc.), following up and decreasing the time of issuing required licenses
- Ø Customs duty exemption for machinery and equipment of feasibility studies.
- Ø 100% tax exemption for taxable income of all units based in deprived areas for 13 years
- Ø Special tax discounts for all touring facilities with operating license

Investment Advantages and Incentives

- Ø 80% tax exemption for instrumental income of mining and manufacturing activities in the province.
- Ø 50% tax exemption for instrumental benefits of private cooperatives with the aim of renewing and developing industrial and mining units in the province.
- Ø Making arrangements required for taking advantage of currency facilities from national development fund with special discounts and lower capital contribution than other provinces
- Ø Special banking, customs and taxation discounts and interactions
- Ø Allocating land with minimum price in industrial towns

✓ Based on Iran's sixth development plan

- Ø Given the necessity to avoid applying discriminatory actions about foreign investments according to article no.8 of Foreign Investment Attraction Act, some issues are recommended as follows:

1. During the years of plan implementation, tax exemption plan subjected to clause 8 of article 31, resolving obstacles to competitive production and improving national financial system act, in addition to inclusion of instrumental incomes due to common foreign investments, it includes uncommon foreign investment in order to develop the value chain of petrochemical, chemical and plastic industries; implementing downstream industries of mines and fisheries; developing supply chain in export industries; developing knowledge-based industries and promoting design, research and study.

2. During the years of plan implementation, the inclusion scope of tax exemptions subjected to clause 24 of article 31, resolving obstacles to competitive production and

improving national financial system act, in addition to foreign investors who produce products with authentic brand by using of the capacity of domestic production units in Iran, those foreign investors who produce and export more than 50% of their products through creating new production capacity in the country by observing requirements of article 2, the maximum utilization of production and services capacity to supply national demands and their improvement in export and modifying article 104 of direct taxation act, is applied up to 50% tax exemption. Moreover, in rail cases, the condition is considered as deprived areas in terms of incentives.

Ø Allocating 50 billion dollars to foreign finance facilities in addition to the remaining share for a year ago, in order to invest in public, private, cooperative sectors and non-profit public bodies

Ø Based on clause (p) -article 32, the act of permanent sentences of national developmental plans, in order to facilitate and persuade national industrial and mining investment, the following actions will be done by the government:

A. counties with an unemployment rate higher than the average rate (which are defined as regions with no employment).

B. the government is obliged to provide essential incentives to make employment and decrease the unemployment rate and creating internship for the

unemployed in these regions and considering its essential credits in annual budget documents.

C. Tax exemption of industrial, mining and services units in regions with no employment exerts as the

Considered exemptions in industrial-trade zones.

D. The government is obliged to assign 3 percent of revenue due to crude oil and gas exports in turns as follows (one third of yearly budgets for oil-rich provinces and two third it for counties of the less-developed regions that are determined based on the underdevelopment indicators by the national planning and budgeting organization to perform constructional plans).

E. Granting currency facilities by agent banks to investors who invest in private and cooperative sectors and non-profit public bodies, for oil & gas upstream development plans with priority of common fields and collecting their gases.

- Ø Granting currency facilities by agent banks to investors who invest in private and cooperative sectors and non-profit public bodies, for development plans defined for different kinds of in- and outland public transportations
- Ø Issuing bonds or check up to 100,000 Billion Rials to perform plans with technical, economic and financial justification by some of executive bodies with regard to priorities mentioned in this clause,



4-3 Comparative Advantages of the province in Agriculture Sector

- Ø Kermanshah province has a four-season and mountainous moderate weather and fertile plains leading to having diversity in agricultural products
- Ø The average precipitation is 475mm (twice as much as the national average)
- Ø Fertile soil with the ability of cultivate diversity agriculture products and adequate water resources.
- Ø Exist of various River such as Qhaeh so, Gamasiab, Alvand, Cangir, Zemkan, Sirvan, Dinevar, and Jamishan.
- Ø Weather condition for cultivating diverse product, and possibility of re-cultivating the product in the second phase of in tropical region.
- Ø The possibility of cultivating in cold and tropical products due to diversity of climate in province.
- Ø Possibility to develop productive garden
- Ø The possibility of building animal husbandry units and increasing livestock products with different races
- Ø The possibility of building beekeeping units
- Ø The presence of about 945,000hr of agricultural lands and 26,000hr of flat plain
- Ø The presence of about 1,521,490hr of forest and pastureland
- Ø The possibility of aquaculture due to the presence of adequate water resources
- Ø The presence of 208 species of medicinal plants that can be expanded are some advantages of agriculture section in the province.

4-4 Investment Incentives in Agriculture Sector

- The possibility of transferring national resources lands to agricultural plans in free of charge.
- Issuing change user for agriculture section activities in the least period of time,
- Issuing required licenses for agriculture section activities in the least period of time,
- Providing consultancy to investors in order to choose the kind of activity, the place of project, and obtaining required license,
- Offering financial support for plans and referring to related authorities in order to receive low-interest loans such as National Development Fund, credit and technical assistance, and etc (the whole province as a less-developed province pays lower interest),
- Preparing a booklet(package) of investment opportunities in agriculture section including studying infrastructure in order to transfer to investors and graduates,
- Customs duties exemption for exportable productive products of agriculture section to abroad(clause A, article 141, the Act of Direct Taxations),
- Dues exemption of agricultural plans and related industries(article 81, the Act of Direct Taxations),
- Employ insurance exemption of agricultural plans and related industries(the related article of the Act of Employ Insurance exemption; article 81, the Act of Direct Taxations),
- Having customs exemption to import machinery and equipments required for agricultural plans,

4-5 Kermanshah comparative advantage in Renewable Energy

- Having permanent rivers
- Annual precipitation(475mm)
- Appropriate infrastructure of power transmission
- Proximity to consuming markets of power energy(Iraq)
- Having 20 storage dams
- The presence of 8 under-operation dams with a storage volume of 832 million cubic meter
- Ø The presence of 7 billion cubic meter of underground and surface water resources

Features of launched dams

Title(dam)	Rate of water storage (million /m3)	Rate of water allocation (supplying)for agriculture(million /m3)	The amount of covered agricultural lands (hr)	
Gavoshan	550	130	7000	
Shyan	7	7	1400	
Guilan-e Gharb	30	24.5	4000	
Zagros	54	33.4	6400	
Solymanshah	52	18	2740	
Azadi	70.5	24	902	
Tangh-e Hamam	50.6	23	300	
Darian	338	-	-	
Total	2242	226.5	22742	

Investment Advantages and Incentives

Features of under operation dams

Title(dam)	Rate of Water Storage (Million/m ³)	Rate of Water allocation (supplying)for agriculture (Million/m ³)	Rate of water for industry (Million/m ³)	The amount of covered agricultural dam	Physical progressi on
Hawasan	135	40	5	4155	92
Sharafshah	101	27	12	3770	86
Qeshlaqh	48	19.5	6	1100	71
Kaboutarl aneh	24.4	8	4	1700	55.8
Jamishan	53	32	6	3560	92.5
Zamgan	23	20	0	1000	89
Kalkosh	4.7	0	0	-	25
Total	61.7	146.5	33	15.285	1013.5

Features of water transformation system

Title	The area of main network (hr)	Length of main canal(km)	Place Kermanshah	Source of water supplying	Physical progression
Gavoshan water and irrigation network	1600	3500	Kermanshah	Gavehroud River	98
Shyan water and irrigation network	1400	.	Eslamabad-e Gharb	Sarab-e Shyan	100
Guilan-e Gharb water and irrigation network	4000	4000	Guilan-e Gharb	Guilan-e Gharb River	98
Zagros water and irrigation network	6400	6400	Qasr-e Shirin	Zagros Dam	97.77
Solymanshah water and irrigation network	2740	27400	Sonqor	Gavehroud River	98
Azadi water and irrigation network	902	902	Salas-e Babajani	Zemkan River	93
Hamam water and irrigation network	3000	3000	Sarpol-e Zahab	Qoratou River	92
Sharafshah water and irrigation network	3055	3055	Soumar	Golgir River	31.5
Zemkan water and irrigation network	1570	1570	Dalahou	Zemkan River	72
Jamishan water and irrigation network	3560	3560	Sonqor	Jamishan River	75
Hawasan water and irrigation network	4155	740	Salas-e Babajani	Hawasan River	0.80
Qeshlaq water and irrigation network	1000	4100	Sahneh	Maryam Negar River	43
KaboutarLaneh water and irrigation network	1700	-----	Kangavar	KaboutarLaneh River	55.8
total	33882	58227			954.87

4-6 Investment Incentives of Ministry of Power

- Ø The time period of guaranteed purchase contract of power was assigned equal to 20 years.
- Ø In new tariff system, the produced electricity of different renewable resources is purchased with different prices, and thus, led to have a balance in this field so that investors enter into it confidently and with lower risk.
- Ø If domestic and foreign investors use Iranian technologies and requirements to produce electricity, the Ministry of Power (government) in proportion to it allocates up to maximum 30% in addition to the base price to the renewable technologies and facilities and will pay more price.
- Ø Creating a specific credit line to receive 50 Rials per kilowatt hour of consumed electricity as been referred to as electricity charges in the budget of 2017 by which the amount of 1100 million Tomans will be saved to develop power production via renewable resources.
- Ø Owners of construction license of renewable power plants can take advantage of tax exemption or customs right discount in case of importing equipments and parts required for installing power plant from abroad.
- Ø Welcoming of many domestic and foreign companies to invest in this field
- Ø The presence of different interested countries to have a collaborative cooperation in the form of memorandums of understanding with Iran government
- Ø The presence of many companies in the form of collaborative cooperation to invest in the field of renewable energy in our country and asking for obtaining construction license of renewable power plant

- Ø Guaranteed purchasing of water generated by non-public investors by the Ministry of Power(article 142, the Act of Fifth Development Plan),
- Ø Ownership of lands of facilities construction and performing project by the Ministry of Power and Agriculture Organization,
- Ø The presence of various companies in the form of joint cooperation to invest in the field of renewable energy in our country and asking for obtaining construction license of renewable power plant.
- Ø Total capacity of guaranteed purchase contract of electricity is equal to 1,650MW since 2007.
- Ø With respect to being-made contracts, it is expected the number of 600 new renewable power plants to be operated in 2017.
- Ø The purchase prepayment of electricity to be done as one the following ways:
 - Ø Power purchase pre-payment up to 15%.
 - Ø Increasing up to 20% rate pre-payment of electricity by bilateral agreement sale.
 - Ø Increasing the mentioned pre-payment by in case of using domestic generators.
 - Ø Supplying costs of constructing required facilities in order to supply generator gas through pre-payment and/or managed funds.
 - Ø Supplying costs of connecting generator to power network through pre-payment and/or managed funds.
 - Ø Investor can get Rial and currency bank facility to construct low-scale generator, and also, other industrial production plans as well as power plant plans.

- Ø The split right return as current price includes about 10% of total project fund.
- Ø Making guaranteed contract.
- Ø Guaranteeing fuel supply required for small-scale generator for 9 months per year.
- Ø Guaranteeing fuel supply required for small-scale generator during the year.
- Ø By using of small-scale generator, adding facilities required for heat recovery and using the recovered heat in place would be possible. In terms of the period offuel supply guarantee, it would be considered as synchronous production generator until the end of fifth year.

4-7Investment Incentives and Supports in Tourism Industry

- Ø Numerous monuments such as Bistoun with global registration, Taq-e BostanSite(national registration), Anahita Temple, Taq-e Gara and etc.
- Ø The presence of protected areas and the possibility of developing tourism tours being interested in plant and animal wildlife
- Ø The presence of architectural attractions such as TekyehMoaven al-molk, TekyehBiglarbeigi
- Ø Cultural and ethnic diversity and anthropology attractions, life style, dress, living, dialect, costumes, religion and ethic, music, and finally, the possibility of creating tourism, cultural and anthropology tours
- Ø The presence of natural regions in order to use natural potential to provide sports tours such as paragliding, Simareh rock climbing, caving, climbing and etc.

- Ø The best tourism regions (Sarab-e Kerend, Sarab-e Sahneh, Bistoun-Taq-e bostan tourism corridor, and etc) and target villages (shamshir, Fesh, and etc)

✓ **Historical Monuments**

Inscribing Bistoun (Global Register) and Taq-e Bostan Monuments (National Register) in World Heritage Center, and being on the root of the silk road, and also, the presence of many historical monuments and ancient civilizations in this province known as the best opportunity to invest in this province.

✓ **Tele cabin**

Constructing a tele cabin in Qori Qaleh in Ravansar wet land region.

✓ **Handicrafts**

Woven hand-woven, such as carpet, veil, gelim, jajim ...

4-8 Investment Incentives in Tourism Industry

- Ø Tax exemption is one of the most important investment incentives in tourism industry of Iran which tax exemption in developed county 5 years and in less developed county will be 10 years.
- Ø According to government approval, in order to provide conditions to attract domestic and foreign investments by observing FIPPA, more than 50 sample tourism regions have been approved in tourism poles and apt regions of the country. These regions are created based on the

Investment Advantages and Incentives

capacity of tourist attraction in international, national, provincial and local levels.

- Ø Granting free land in international tourism exhibitions.
- Ø Granting facilities as export awards.
- Ø Tax exemption of handicrafts workshops, production units having operating license from Iran's handicraft deputies, cooperatives and related production associations, production units having operating license from Iran's handicraft deputies, cooperatives and related production associations.
- Ø Providing export incentives up to 5%.
- Ø social securities of carpet weavers and identified(coded) handicraft workers, with and without employer, workers of small scale carpet weaving workshops under surveillance of carpet cooperatives and related small and large complexes and also home handicraft workers and others in identified(coded) approved groups of handicrafts working full-time in mentioned jobs.
- Ø Employer's insurance exemption of small guild workshops up to 5 employees in all handicrafts branches.
- Ø Inclusion of water, power, gas and fuel tariffs of industry sector in subsidy reform plan for handicrafts workshops, handicrafts production workshops with operating license from Iran Cultural Heritage, Handicrafts and Tourism Organization



4-9 Investment Incentives in Special Economic Zones

- Ø Importing commodities from mentioned regions for internal consumption according to import and export provisions and exporting commodities from these regions without any formalities.
- Ø Importing commodities from abroad or free trade areas with the least customs formalities and their transit according to related provisions.
- Ø Importing commodities subjected to this article to the regions located at entrance bases of the country without any customs formalities.
- Ø Commodities imported from abroad or free trade areas or other regions can be exported without any formalities.
- Ø After valuation and classification of region, the regional manager can assign the right of using parts of the region to qualified legal or natural persons.
- Ø Owners of commodities imported to the region can declare all or part of their commodities to the customs in order to temporary entrance to the country and release them by doing related provisions. In case of importing commodities more than the specified level that causes customs tariff of mentioned goods to be changed, the trading profit rate of these goods to enter into other parts of the country is calculated and taken just equal to the trading profit of imported raw materials and pieces. Trading profit rate of these goods to enter into other parts of the country is calculated and taken just equal to the trading profit of imported raw materials and pieces

- Ø The manager of each region is allowed to issue certificate of origin for goods moving out of the region according to the applicant request and Iran's customs permission.
- Ø All commodities entered into the region for production or providing required services are not included in import/export provisions. Importing the mentioned goods to other parts of the country are done based on import/export provisions.
- Ø Importing commodities mentioned issued to other regions according to import and export rules,

4-10 Investment Incentives in Cooperation Sector

- Ø Tax and insurance exemption, customs tariffs and export awards for cooperatives.
- Ø Guaranteeing the reputation of cooperative associations and companies.
- Ø Granting low-price facilities with long-term reimbursement for employment and economic plans of cooperatives.
- Ø The presence of a large network of cooperatives and associations, and also, Chamber of Cooperative and Entrepreneurship Development Foundation of Provincial Cooperation sector as an appropriate field to develop cooperative.
- Ø Employer insurance exemption.
- Ø Taking advantage of the capacity and potential of unemployment insurance pensioners and reinforcing production factors.



4-11 Comparative advantages of the province in Commerce, Mine and Industry

- Ø The presence of industrial estates and regions in the province and supplying required infrastructure to invest in small and medium industries
- Ø Being close and access to industrial estates and regions in the counties and province center.

✓ The Main and Upstream Industries

The presence of industries such as Bistoun Petrochemical, Kermanshah Petrochemical, NavardFoulad, JahanFoulad-e Gharb, Saman and Gharb Cements and etc.

Trade activities	Mineral production	Industrial and converting production
Handmade carpet	Bitumen	Petrochemical production
Animal and livestock products	Marble and decorative rocks	Steel bullion
agricultural and gardening productions	Gypsum and other building productions	Tier and tube
Converting industries	Iron ore, magnesium and manganese	High-voltage cable
petrochemical	Silica and feldspare	Tomato sauce
Health tourism	Cement	Ceramic and tile
Trade services Technical and engineering		Chinese sanitary ware
		Machine carpet
		diaries

4-12 Investment Incentives in Mine and Industry

- Ø Supplying financial resources in the form of bank facilities with minimum interest.
- Ø Allocating national lands on behalf of related organization in minimum time period.
- Ø Supplying infrastructure facilities such as water, power, gas and etc. in minimum time period.
- Ø Having tax exemptions according to the kind of industry.
- Ø Defining export awards for commodities exported to abroad.
- Ø The possibility of land allocation in all industrial estates of the province with specific conditions and facilities.
- Ø Trading profit exemption to import capital industrial machinery.
- Ø Being committed to supply raw materials and feedstock of downstream industries with export price during the operation period at least for 10 years.
- Ø Tax exemption in industrial estates and regions of the center of the province from 7 to 13 years.
- Ø Eliminating provisions caused imposing irrelevant and overhead costs on materials production in order to create stability in economic calculations of mining material production.(article 29 of mines modification act) .
- Ø Establishing mining investment insurance fund in order to supply all or part of financial damages of explorer and discoverer (article31 of mines modification act).
- Ø Non-profit legal persons who produce or exploit in manufacturing or mining sector, and also, in services field of hospitals, hotels and tourism residential centers can take advantage of zero-tax rate incentive for 5 to 13

years as follows. In this regard, their included instrumental income is tax free, and subsequently, they are no obliged to pay tax in case of observing the related taxation provisions.

- Ø Legal persons (firms) that begin to take operating and production licenses in mining and production sector in developed regions of the province from the beginning of April 2016, and in case of being deployed in special

Economic zones or industrial estates, during 5 years their instrumental income is calculated with zero-tax rate for 7 years, respectively (article 131 of direct taxation act).

- Ø Legal persons (firms) that begin to take operating and production licenses in mining and production sector in less-developed regions of the province from the beginning of April 2016, and in case of being deployed in special economic zones or industrial estates, during 10 years their instrumental income is calculated with zero-tax rate for 13 years, respectively (article 131 of direct taxation act).

- Ø Given the hospitals, hotels and tourism residential centers of non-profit legal persons that take operating license in developed regions of the province from the beginning of April 2016, and in case of being deployed in special economic zones or industrial estates, their services income is calculated with zero-tax rate for 5 and 7 years, respectively (article 131 of direct taxation act).

- Ø Given the hospitals, hotels and tourism residential centers of non-profit legal persons that take operating

license in less-developed regions of the province from the beginning of April 2016, and in case of being deployed in special economic zones or industrial estates, their services income is calculated with zero-tax rate for 10 and 13 years, respectively (article 131 of direct taxation act).

- Ø Investors in manufacturing, mining and services sectors can take the following advantages as well as the use of zero-tax rate incentive:
- Ø Equal to the economic investment done in less-developed regions, after completing the tax calculation course with zero-tax rate, it is calculated with zero-tax rate until the total taxable income to be twice the initial capital in maximum(article 131 of direct taxation act).
- Ø Equal to the economic investment done in developed regions, after completing the tax calculation course with zero-tax rate, 50% of following years' tax is calculated with zero-tax rate until the total taxable income to be twice the initial capital in maximum(article 131 of direct taxation act).
- Ø Persons(investors) who provide cash capital contribution for financial supplement of project-plan and capital inflow of manufacturing enterprises in the form of collaborative contracts are exempted from income tax payment as equal to the minimum expected interest of collaborative contracts (facility interest) (article 138 of direct taxation act).
- Ø If investing in different economic sectors will lead products to be exported, 100% income due to exporting services and non-oil commodities and agricultural products and 20% of income due to exporting raw

materials is included in zero-tax (article 141 of direct taxation act).

- Ø Investing in handmade carpet production and handicrafts: 100% income of these workshops is calculated with zero-tax rate (article 142 of direct taxation act).

4-13 Comparative Advantages being in Industrial Estates

- Ø There is no need to receive separate licenses from different bodies
- Ø Supplying proper land to operate industrial plans with regard to positioning and designing plans being done according to technical and engineering principles and the latest construction methods
- Ø Creating required field in order to make synergy of industries being in industrial estates and regions
- Ø Providing appropriate conditions to make networks and clusters related to an industry within industrial estates and regions
- Ø Decreasing investment costs and easy and rapid access to facilities being made in industrial region or estate and/or will be made in the future including road, water, electricity, gas, industrial sewage, telecommunication, internet, mosque,
- Ø Restaurant, emergency centers, bank branches, insurance offices and etc. with regard to physical progress of industrial estate or region
- Ø Using software services(technical, engineering, managerial consultants and etc) of technology and business services centers
- Ø Possibility of renting and purchasing small pre-constructed workshops in order to accelerate implementation and employment
- Ø The possibility of taking discount in payment of land's operation right in case of paying the total costs in cash,

Investment Advantages and Incentives

- Ø The possibility of using facilities and services offered by the investment guarantee fund of small industries and taking advantage of educational subsidies, subsidies of market support to take part in exhibitions, subsidy to take part in industrial tour and other supporting services of industrial estates company,
- Ø Payment of land and equipment operation right in cash and installment (2-30 percent in cash and 3-4 year installments without interest and commission),
- Ø The priority of payin bank facilities to industrial projects in the industrial and estate regions.
- Ø The possibility of transferring ownership documents and issuing separate document after getting operation license, implementation license, and obtaining specified conditions,
- Ø The possibility of mortgaging contract booklets of land and facilities operation right to the bank documented to the board of ministers approval.
- Ø The possibility of transferring land to applicants in order to build CHP per each Megawatt of electricity generated in 100m² in free of charge,
- Ø Being excepted from municipals law,
- Ø Issuing construction and implementation licenses in as soon as possible and in free of charge,
- Ø The possibility of renting and/or purchasing small workshop sheds to accelerate operation process,
- Ø The possibility of land operation in case of paying total costs in cash,
- Ø Providing special incentive to land operation right for warriors, elites, knowledge-based companies, inventors, foreign investors, and export consortiums,
- Ø Exemption of a part of costs related to land and equipment operation right for units being operated earlier than the predicted timetable (12-30 months timetable),
- Ø Decreasing costs of supplying infrastructure and investment due to using common organized services and neighborhood benefits,

Features of Industrial Estates in the Province

Workshop units				The Price of land in2017		Infrastructure facilities					Area(hr)			Estate	County
Being constructed	Being transferred	Being completed	Under construction	Being operated	Under construction	Under designing	Telephone	gas	electricity	water	Industrial land	Operational phase	Land in access		
41	47	50		1			*	*	*	*	153	440	440	Farman	Kermanshah
0	9	10			1		*	*	*	*	109	146	146	Bistoun	
											150	245	1030	Zagros	
														Kozaran	
3	3	4		1			*	*	*	*	46.3	74.3	74.3	Eslamabad-e Gharb	Eslamabad -e Gharb
							*		*	*	30	65.7	65.7	Mersad	
3	4	8					*	*	*	*	16.1	52.4	61	Ravansar	Ravansar
3	6	24					*	*	*	*	28.9	33.1	44.3	Sarpol-e Zahab	Sarpol-e Zahab
							*	*	*	*	15.4	31.7	61.7	Kangavar	Kangavar
3	3	3					*	*	*	*	14	28.1	38.2	Sonqor	Sonqor
							*	*	*	*	52.5	75	75	Sahneh Industrial estate	Sahneh
							*	*	*	*	11.3	20	20	Ab Barik Refinery	
0	0	6					*	*	*	*	13.3	20	20	Paveh	Paveh
11	14	17					*	*	*	*	17.3	24.4	24.4	Guilan-e Gharb Industrial estate	Guilan-e Gharb
							*	*	*	*	3	5	5	Gore sefid Industrial estate	
									*	*	47	90	90	Dalaho	Dalaho
									*	*	40	63	63	Harsin	Harsin
									*	*	15.4	35.6	35.6	Qasr-e Shirin Industrial estate	Qasr-e Shirin
											0	45	75	Border industrial estate	
											0	18	43	Javanroud	Javanroud
									*	*	0			Salas-e Babajani	Salas-e Babajani

Investment Advantages and Incentives

The Price of operation right of zone and industrial estates

Name of zone estate	Price of operation right by the discount of board of directors(Rial)	The Price of operation (Rial)
Faraman	700.000	70000
Bistoun	650.000	650000
Sonqor	495.000	495000
Kangavar	500.000	500000
Sahneh	500.000	500000
AbBarik-e Sahneh	500.000	500000
Harsin	320.000	320000
Eslamabad-e Gharb	420.000	420000
Mersad	500.000	500000
Zagros	287.500	575000
Ravansar	286.000	550000
Qasr-e Shirin Border	302.400	560000
Qasr-e Shirin	200.000	400000
Guilan-e Gharb	200.000	400000
Sarpol-e Zahab	190.000	380000
Paveh	175.000	3500000
Dalahou	170.000	340000
GourSefid	210.000	2100000
Salas-e Babajani	31.500	600000

Description 1. In industrial estates including Kangavar, Sonqor, Sahneh, and AbBarik zone, the amount of 30% incentive has been considered for applicants in case of providing building completion documents and operation license according to schedule, and in fact, the price of operation right in mentioned estates is fallen down to 350,000 Rials/m².

Description 2. In Mersad industrial estate, the amount of 50% incentive has been considered for applicants in case of providing building completion documents and operation license according to schedule, and in fact, the price of operation right in mentioned estates is fallen down to 250,000 Rials/m².

Description 3. In Salas-e Babajani industrial estate, the amount of 36% incentive has been considered for applicants in case of providing building completion documents and operation license according to schedule, and in fact, the price of operation right in mentioned estates is fallen down to 200,000 Rials/m².

4-14 Investment incentives in Industrial Estates

- Ø A 13-year tax exemption in industrial estates of Gilan-e Gharb, GourSefid industrial region in Gilan-e Gharb, Qasr-e Shirin industrial estate and border industrial estate of Qasr-e Shirin (located at zero point border of Qasr-e Shirin), Sarpol-e Zahab, industrial estate of Dalahou, Salas-e Babajani, Javanroud, Ravansar, Paveh, and Zagros industrial estate of Kermanshah,
- Ø A 13-year tax exemption in industrial estates and regions of Dalahou, Gilan-e Gharb, Salas-e Babajani, Qasr-e Shirin, Paveh, Kermanshah, Harsin, Mahidasht District, Sarfirouzabad, kouzaran, Faraman rural district.
- Ø With regard to the stock amount of sacred people, elites, and inventors in the contract, the cash part of the contract (without any changes in total amount of it) in developed and less developed regions are 10% and 5% respectively and the number of installments is 14 (42 months) in maximum.
- Ø If the applicant makes a contract with the company and do the payments on time and allocated at least 35% of the area to foundation, in case of obtaining operation license, the board of directors can receive not-expired promissory notes. The rehearsal of promissory notes on time is subjected to the activity of manufacturing unit.
Note 1. Maximum time to obtain operation license, in this article from the time of making contract for units with up to 2000m^2 is 12 months, and surplus on it for each 300m^2 , 1 month is added and up to 30 years.
- Ø The parties who pay the operation right and price of workshop, industrial units and etc. at the time making contract in cash are included immunity of the total

amount of the contract(the percentage of exemption is assigned by board of directors of the industrial estates company)

- Ø In case of having technical or economic feasibility report, up to 10 percent exemption is considered for great and uncomplicated (rough and downscale) arenas.

4-15 Investment incentives in Customs Sector

- Ø The raw materials and components required for machinery units and building requirements that produce machinery and requirements for national industries, in case of being included in one of the customs tariff rows, they will be exempted from customs and trading profit payment at the discretion of the Ministry of Industries (article 12 of import/export provisions act).
- Ø Importing goods consumed in production, completion, preparation and packaging of exported goods is exempted from all related importation payments except cost and surcharge (article 12 of import/export provisions act).
- Ø About imported goods and materials consumed in production of exported goods that have been definitively released from the customs, the costs paid for definitive import are refundable after issuing good on the basis of issue date(note 3-article 14 of import/export provisions act).
- Ø If the good consumed in production of exported goods is made of Iran but its materials have been imported from abroad, the costs paid for the materials are



refundable(note 4-article 14 of import/export provisions act).

- Ø If domestic production has exemption for those organizations and persons related to the same foreign goods, the cost paid for commodities and materials and their components are refundable according to provisions of this article.
- Ø Exemption of production line machineries and equipment from payment of customs tariffs (first- hand machineries)
- Ø The return of customs tariffs paid for the import of raw materials used for the production of export commodities.

4-16 Tax Incentives and Facilities for Investment in Industrial and Free Regions

- Ø A 20 year tax exemption for any economic activity
- Ø No need for a visa for foreigner entrance
- Ø No limitation for currency transmission
- Ø Flexible money and banking services
- Ø Custom rights exemption to import raw materials and industrial machinery of manufacturing units
- Ø Easy and simple registration of companies, industrial foundations, cultural institutions and intellectual property
- Ø Simple formalities for re-exportation and transit of goods
- Ø Simple regulation for entrance of authorized goods
- Ø The possibility of exporting produced products to mainland based on the value – added system.

- Ø Selling or renting land for the Iranians an long-term rentals of land for foreigners
- Ø Appropriate rates for energy consuming

4-17 Comparative Advantages in Urban Management (Municipality)

- Ø Investment in plan of constructing the estate of urban troublesome businesses
- Ø Investment in managing urban wastes
- Ø Investment in constructing health (medicine) estate
- Ø Investment in creating logistic park with national and international application
- Ø Investment in renewing and reforming old texture
- Ø Investment in constructing trade, administrative, recreational, services and welfare centers in special urban locations
- Ø Investment in trade and commerce center in western Iran
- Ø Investment in constructing urban mechanized and vertical car parking
- Ø Implementing plans in the field of traffic management technology such as smart parking lot, electronic systems of infractions registration
- Ø Renewing urban transportation to hybrid and electric system
- Ø Investment in constructing cultural, social and art center of city hall with national and international application
- Ø Investment in constructing sports village
- Ø The project of smart city



- Ø Urban, national and international data centers
- Ø e-commerce system in the city
- Ø Implementing the e-payment system for urban transportation

4-18 Investment Incentives in Urban Management (Municipality)

- Ø Exerting exemption of toll, license issuance and etc, in order to modernize and repair the worn texture plans by the approval of supreme board of investment and city council.
- Ø Exerting exemption of toll, license issuance and etc, in tourism, medical and medicine, educational, investment plans by the approval of supreme board of investment and city council.
- Ø Dispensing incentives to the kind of investor's initial capital in different cooperative investment plans by the approval of supreme board of investment and city council.
- Ø Facilitating the process of license issuance in urban management development plans
- Ø Decreasing the time of issuing licenses (including change of utility, toll, license issuance and etc)
- Ø Supporting the private sector to invest in urban management projects
- Ø Defining cooperative investment projects in lands owned by municipality and considering the land value and all licenses as municipality initial capital
- Ø Defining cooperative investment projects in lands owned by the private sector and considering the land value and all licenses as municipality initial capital

Investment Advantages and Incentives

4-19 Investment Incentives of Science and Technology Park

Title of Investment	Description of Incentive	Legal Documents
Research and scientific activities Young and talented students and researchers	-support, praise and attract young and talented students and researchers, planning and creating required conditions and requirements in order to make a field of their research and scientific activities based on identifying real problems and special needs of society	Article 3- statute of JDKU
Create and develop small and medium tech companies	-supporting the creation and development of small and medium tech companies -supporting innovative engineering and research institutions with the aim of entrepreneurship and technology development	Article 2- statute of Science and Technology Park
	-attract and organizing regional potential and facilities to make a link among universities and industrial and scientific centers with tech companies in the park	Article 3- statute of Science and Technology Park
	1.providing free technical and specialized, tax and legal services and consultations to owners of idea, inventors and investment applicants 2.the possibility of operating electronic, plant tissue culture laboratories 3.holding related educational courses and workshops 4.providing work space(office, workshop, administrative equipment, internet, library, self service and etc.) 5.spiritual support and assisting in informing, advertising, marketing, and introducing tech companies and institutions located in the park 6.tax exemption of products being produced by these companies 7.offering special discounts and helping for taking part in domestic and international exhibitions 8.providing services in the field of patent and intellectual property as a broker of this section in the province 9.providing low-cost and interest-free facilities up to 1billion Rials	Regulations and approvals of technology council of Science and Technology Park

Title of Investment	Description of Incentive	Legal Documents
Producing products of knowledge-based companies	Financial support including: a range of grants, subsidy, providing facilities, paying all or a part of interest related to facilities and fines, a range of services related to security, cooperation, and investing in plans by using of deposits, attracting and conducting banks, credit institutions and funds resources, the possibility of getting 20% grant for R&D activities in case of consortium formation, and activities subject to this regulation in cooperation with universities and domestic and foreign companies	Article 6- statute of Innovation and Flourishing Fund
Creating and developing knowledge-based companies and institutions	In order to create and develop knowledge-based companies and institutions and promoting international cooperation, engineering technological and research units located in technology and science parks are allowed to take legal advantages of free zones regarding work relations, exemptions and dues of foreign investment and international exchanges in order to do assigned duties.	Article 9- the Act of Supporting Knowledge-based Companies Article 47- the Act of Fourth Development Plan
	Providing financial services and facilities to knowledge-based companies and institutions in the form of grant and subsidy and short and long-term facilities and offering security services directly and indirectly.	Article 3- statute of Innovation and Flourishing Fund
	Providing grant and supporting bodies that support innovation and technology commercialization and providing services to empower knowledge-based companies and institutions	Article 3- statute of Innovation and Flourishing Fund
	Article 20- income tax exemption subject to article 105, the Act of Direct Taxations for 15 years Article 21- being exempted from paying customs rights and dues, trading profit, and export charges	Articles 20 and 21- executive regulations of the Act of Supporting Knowledge-based Companies

4-20 Tax Exemption in Kermanshah

Exemption Period(year)	Income tax with zero-rate
5	Industrial, mining and services (hospitals and hotels) and tourism residential centers
7	Industrial, mining and services (hospitals and hotels) Being located at all special economic zones and industrial estate in main land
10	Industrial, mining and services (hospitals and hotels) and tourism residential centers being located at less-developed regions
7	Industrial, mining and services (hospitals and hotels) and tourism residential centers being located at special economic zones and industrial estates in less-developed regions
Without time limitation	100% income due to agricultural activities
Without time limitation	100% income due to exporting services and non-oil and agricultural goods and 20% income due to exporting raw materials

- Ø Foreign companies that produce products by using of domestic production units in Iran, in case of exporting at least 20% of manufacturing products, after finishing the tax exemption period being indicated in the table, can have 50% discount in tax rate relative to taxable income due to selling manufacturing products (12.5% instead of 25% of income tax



- Ø Companies with more than 50 employed workforces, in case of increasing the number of their workforce at least 50% compared to previous year during the exemption period, one year is added to their exemption period in exchange for each year of increasing employers
- Ø 100% income due to exporting different goods that are imported to Iran in the form of transit and being exported without exerting any changes on them are exempted from tax inclusion.
- Ø 100% income due to exporting services and non-oil and agricultural goods, and 20% income due to exporting raw materials are included to zero-rate tax.

Resources:

Books

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- The Act of Foreign Investment Support and Encouragement being approved in 2002 and its Executive Regulation,
- The Fifth Development Plan,
- Modification of Article (7), the Act of Executing General Policies of the 44th Principle of Constitution,
- Establishing Investment Services Centers (Approval of the Board of Ministries, no.26986/44458 in 24.10.2010),
- The Act of Direct Taxations,
- The Act of Budget of 2017,
- The Act of Executing Permanent Sentences of National Development Plans,
- The Act of Eliminating Production Barriers (Approved in 1316),

Sites and Internet Content

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Letters

Investment incentives and advantages package has been prepared in cooperation with the following bodies:

- Kermanshah Agriculture Organization
- Kermanshah Industry, Mine and Trade Organization
- Kermanshah Industrial Parks Company
- Kermanshah University of Medical Sciences
- Kermanshah Municipality
- Kermanshah Power Company
- Kermanshah Cultural Heritage and Tourism Office
- Kermanshah Science and Technology Park
- Kermanshah Tax Affairs Directorate General

List of Colleagues in Executive Bodies to Consult and Communicate

Row	Name	Executive Body	Phone Number
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2	Alireza Mohammadi	Industrial Parks	9183397739
3	Nematollah Nazari	Power Distribution Co.	9183310869
4	Saeid Karimi	Agriculture Organization	9188312289
5	Ezzatollah Kheirollahi	Regional Water Co.	9188332668
6	Mohammad Reza Karimi	Cultural Heritage	9183310241
7	Vahid Shabayati	Municipality	9189280089
8	Hossein Feiz Jafari	Industry, Mine and Trade	9357771842
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