



1. Tax Bases and Rates

The Iranian tax system is divided into two general categories of direct and indirect taxes. The share of direct taxes from the total tax revenues is almost 68% currently. There are two major types of direct taxes including income taxes and property taxes. Each category of direct taxes, in turn, is divided into sub-parts. Indirect taxes include taxes on imports and Value Added Tax (VAT). Taxes on imports are currently collected by the Iranian Customs and are not within the jurisdiction of INTA. Table 1 briefly shows various types of taxes in the Iranian taxation system

Table (1): The Iranian Tax System

Tax Category	Tax Type	Tax Base	Act/Chapter/Article	Taxable Income	Taxable Persons	Tax Rates
Direct Taxes	Income Taxes	Real Estate Income Tax	DTA - C/I/52-58	Income of persons derived from transfer of rights in immovable properties situated in Iran, less the exemptions: total rent, less a deduction of 25% for expenses, depreciations, and commitments of the owner in regard to the property.	Owners who have rented their immovable properties to others	15%-35%
		Employment Income Tax	DTA -C/III/82-92	Salaries, wages or any other remuneration received by individuals in respect of their employment services. Payments for works conducted out of Iran, shall be subject to the tax, provided that the payer is an Iranian resident.	Individuals	10% for public sector employees and the others 10-35%
		Individual Business Income Tax	DTA -C/IV/ 93-104	Unincorporated business activities (aggregate sale of goods and services) less the exemptions provided in the DTA	Individuals	15-35%
		Corporate Income Tax	DTA -C/V/105-118	Aggregate profits of companies, and the profits from the profit-making activities of other legal persons, derived from sources in Iran or abroad, less the losses from nonexempt sources and minus the provisioned exemptions	Legal Persons	25%
		Tax on Incidental Income	DTA - C/VI/11119-131	Income earned ex gratia or through favoritism or as an award.	Real or legal person	15-35%
		Tax on Transfer of Real Properties	DTA -C/I/59-80	Final transfer of real estates & goodwill shall be subject to taxation at the date of transfer.	Real or legal person	5% & 2%

	Property Taxes	Tax on Transfer of Shares	DTA -D/I/143	Nominal value of transfer of shares	Joint Stock Companies and other Companies	0.5% & 4%
		Inheritance Tax	DTA -B/IV/17-43	Any estate left from the deceased individual.	Real person	5-65%
		Stamp Duties	DTA -B/5/44-51	Each sheet of check printed by banks (Rls. 200), bill of exchange, promissory notes (0.3%), and other documents and negotiable papers with specified amounts.		As provisioned in Articles 44-51
Indirect Taxes	VAT	Value Added	VATA	Value added resulting from the sale of all goods and services and their imports, except 17 items listed in Article 12 of the VAT Act (VATA) as the exempted ones	Real and Legal Persons	6% currently, to be annually increased for 1% up to 8% by the end of the 5 th Development Plan
	Taxes on Imports	Currently collectible by the Iranian Customs Organization.				