

June 2025

ELITE PARS

Law Firm



Introduction

Established in 2019, Elite Pars is a boutique law firm with professional lawyers and legal minds as its core team. Lawyers at Elite Pars render legal advice on a wide range of matters in parallel to dealing with various local, regional and international arbitration and litigation cases.

Elite Pars draws strength from its diversity. We recruit from a wide variety of backgrounds, seeking out the best and those with the highest potential and we invest in their development. Our profound knowledge of assorted legal areas, enables us to efficiently guide our clients through the most complex matters they are facing. Furthermore, our practical experience provides us with insights that help us assist our clients in achieving their legal goals.

In case you have any queries regarding this document or would like to inquire as to how we could serve you best, please feel free to contact our partners Dr. Navid Sato and/or Dr. Nima Nasrollahi via n.sato@elitepars.com and/ or n.nasrollahi@elitepars.com.



LEGAL UPDATE: JUNE 2025

ZERO TARIFFS ON IMPORTS ORIGINATING FROM MEMBER COUNTRIES OF THE EURASIAN ECONOMIC UNION

In a significant move to strengthen economic ties, Iran Trade Promotion Organization (TPO) has officially implemented a zero percent customs tariff policy for all goods originating from Eurasian Economic Union (EAEU) member states on 29 June 2025. This policy applies to imports from Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan.

This decision brings the provisions of the Iran-Eurasia Free Trade Agreement into force. The agreement, ratified on March 3, 2025 by the Parliament of Iran, represents the most comprehensive and detailed trade agreement that Iran has ever concluded to enhance mutual trade and economic relations, and support for rapid accession to the World Trade Organization (WTO).

Under the provisions of this measure, not only are the customs duties eliminated, but also all additional charges that have equivalent tariff effects for goods originating from EAEU member countries.

In order to facilitate implementation and enhance regional economic cooperation between Iran and EAEU nations, TPO has formally communicated this measure to the Ministry of Economic Affairs and Finance (MEFA), as well as all customs offices and departments of industry, mine, and trade.

While the tariff elimination is supposed to cover all products, a limited number of goods are excluded from this measure. The

exemptions are explicitly listed in the Law on the Free Trade Agreement between Iran and the EAEU Member States, providing clarity for businesses and importers.

EXECUTIVE GUIDELINE ON THE PERMISSIBLE AMOUNT OF FOREIGN CURRENCY FOR HOLDING, CARRYING, AND EXCHANGE IN IRAN

This Executive Guideline on the Determination of the Permissible Amount of Foreign Currency for Holding, Carrying, and Exchange within the Country, adopted in May 2025, is issued pursuant to Article 7(a) of the Law on Combating the Smuggling of Goods and Currency. The said provision mandates the Central Bank of Iran (CBI) to determine and declare the permissible amount of foreign currency that may be held, carried, or exchanged within the country, including by travelers, cross-border drivers, and similar cases.

Pursuant to Article 2 of the Executive Guideline, both legal and natural persons, whether Iranian or foreign nationals, may carry or hold a maximum amount of 10,000 euros or its equivalent in other currencies. Possession of foreign currencies exceeding this amount shall only be permitted for persons presenting one of the following documents: 1) a valid purchase receipt from a credit institution or currency exchange office, 2) a withdrawal document from an account held at a credit institution, or 3) a custom declaration.

The purchase receipts and withdrawal documents become invalid after 6 months



from their date of issuance. Holders are then required to either deposit the relevant foreign currency into a foreign currency account at a credit institution or sell it to a credit institution or licensed currency exchange office. Failure to comply with these provisions shall render the currency holder subject to applicable legal provisions, including the Law on Combating the Smuggling of Goods and Currency.

Credit institutions and licensed currency exchange offices are exempt from the provisions of the Executive Guideline. However, carrying foreign currency belonging to these entities shall be conducted through their authorized representatives. The authorized representative must possess an authorization letter issued by the institution, including their personal information, the origin and destination of the currency, the amount and type, and a receipt from Foreign Currency Monitoring Platform (SANA). Moreover, the letter of authorization from a currency exchanger may only be used for carrying foreign currency between other currency exchangers, credit institutions, the CBI, and the Iran Gold and Currency Exchange Center as stated in Article 5 and 6.

Furthermore, the Executive Guideline explicitly prohibits money laundering and terrorist financing. If, at any stage, it is determined that the foreign currencies originate from or is intended for money laundering or financing terrorism, they become subject to the relevant laws, including the Law on Combating Money Laundering and the Financing of Terrorism.

In summary, this regulation is expected to have positive impact on economic and administrative landscape of Iran. By requiring the foreign currency holders with the amount exceeding 10,000 euros to register their information in SANA portal, it provides an aggregated currency data, which empowers decision-makers in the monetary policy making and macroeconomic planning. Additionally, the administrative requirements, such as custom declaration and withdrawal document, will encourage transactions to be routed through formal banking system, reducing reliance on informal market and contributing to exchange rate stability. However, if the associated transaction costs are too high, there is risk that small businesses and individuals may turn to underground market, which in turn, could increase currency volatility.

IRAN'S EXPORT PRIVILEGE CERTIFICATE SYSTEM: BALANCING EXPORTERS' FOREIGN EXCHANGE OBLIGATIONS

A pioneering trade mechanism has been introduced through the Executive Bylaw of subsection (2), Clause (cc), Note (1) of the 2024 Annual Budget Law of the Islamic Republic of Iran, enacted on June 11th, establishing a dedicated Export Privilege Certificate system exclusively for “small-scale exporters”. This innovative framework transforms foreign exchange obligations into tradable assets, creating a self-sustaining market that directly links export achievements to new financial opportunities. By mandating importers of non-essential goods to purchase these certificates, the



system generates organic demand while alleviating compliance burdens for small exporters, marking a significant shift from traditional subsidy models.

The Export Privilege Certificate system specifically targets small-scale exporters of goods and services, defined by criteria set by a specialized Export Privilege Working Group. After these exporters surrender their foreign exchange earnings to Iran's NIMA system, they receive export privileges calculated through a multi-factor formula that considers export value, product complexity, energy intensity, technological sophistication, and export history. This process converts a portion of their mandatory foreign exchange obligations into liquid, tradable certificates, effectively reducing net compliance costs and unlocking immediate working capital. Crucially, export privilege certificates are valid for only 60 days, incentivizing timely monetization while ensuring market fluidity.

Importers of designated non-essential goods, excluding essentials like medicine and raw materials, must purchase and retire export privilege certificates proportionate to their import needs before customs clearance. This creates a closed-loop incentive ecosystem. Small exporters earn certificates for their contributions, while importers fund these incentives through mandatory purchases. The system is managed by Iran's Trade Promotion Organization (TPO) via a digital trading platform where prices are set by supply and demand. A cross-ministerial Working Group, chaired by TPO and including the Central Bank, Finance Ministry, and sectoral

ministries, defines covered goods, sets trading rules, and adjusts incentive coefficients to favor high-value exports.

For small exporters, the benefits extend beyond foreign exchange obligations relief. The Central Bank guarantees "prioritized foreign exchange obligations settlement", within 1 week, for participants, easing cash flow constraints. Service exporters are explicitly included, expanding eligibility beyond traditional goods traders. Critically, export privilege certificates complement rather than replace existing subsidies, allowing small businesses to layer incentives. The TPO will also provide an online calculator for exporters to simulate export privilege certificates earnings before shipment, enhancing transparency and planning.

The system's success hinges on swift execution; the Working Group must finalize lists of covered goods/trading rules within 60 days of the bylaw's enactment, and the TPO must launch the trading platform within the same timeframe. Once operational, the rules will stabilize for 6-month periods to ensure predictability. As Iran's first market-driven export incentive exclusively for small-scale players, the export privilege certificate system represents a watershed in trade policy, empowering vulnerable businesses through tradable assets tied to their export performance. Exporters should closely monitor the publication of covered goods lists and platform developments to capitalize on this innovative tool.



Dr. Navid Rahbar Sato

Managing Partner

Dr. Navid Rahbar Sato is a founding partner and the managing director of Elite Pars Law Firm. He is a qualified international and domestic lawyer in the Iranian market with a primary focus on cross border transactions and oil and gas law. With several years of experience, he has extensive comprehension of the national, regional and international commercial legal systems. He also handles litigation and arbitration cases where he sets out the legal strategies and heads the team in the process. He particularly advises clients on energy law, foreign direct investment, incorporation, mergers and acquisitions as well as import and export regulations in the region including sanctions' compliance matters.

Navid holds an SJD from Washington College of Law and is a Vanderbilt LL. M. graduate of NYU School of Law and an International Trade Law LLM graduate of the American University of Washington D.C. He is an assistant professor at Shahid Beheshti University of Tehran.

Navid speaks fluent Farsi and English, as well as basic French and Japanese.

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Dr. Nima Nasrollahi Shahri

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Dr. Nima Nasrollahi Shahri is a founding partner at Elite Pars Law Firm and heads the energy, investment law and arbitration practices of the firm. He is a seasoned lawyer in the field of oil and gas and renewable energies and has advised major international oil companies with respect to their participation in Iranian oil and gas projects. He holds a PhD in International Investment Law and has completed the LL. M. program of University of Dundee in Petroleum Law and Policy. He has a long list of Persian and English publications and is currently the director of oil and gas law LL. M. program at the

University of Science and Culture in Tehran where he is now supervising several dissertation theses, mostly related to the same field as well as commercial arbitration. Nima regularly does pro bono educational activities. He speaks Farsi, fluent English and intermediate French and Arabic.

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