



A Review of the Iranian Tax System ☰

3. Value Added Tax (VAT) in Iran

The VAT in Iran is levied on 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. The VATA, however, does not include the export of goods and services through official Customs gates. Therefore, the taxes paid for the export of goods and services will be refundable by submitting the Customs clearance sheets and valid documents.

Currently, the VAT rate stands at 6% (VAT rate for two special goods of cigarettes and jet fuel is relatively higher). To reduce the country's dependency on oil revenue, the Law on the Fifth Five-Year Development Plan provisioned an annual one-percent increase in the VAT rate to put it at 8% at the end of the Plan, i.e. 2016. Economic activities in free trade and industrial zones are exempted from the VAT.

