



## JURISDICTIONAL PROFILE: Iran

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Iran. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

Profile last updated: 15 December 2016

### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	<p>Audit Organisation of Iran (AOI).</p> <p>Iranian Institute of Certified Accountants (IICA).</p> <p>Iranian Association of Certified Public Accountants (IACPA).</p>
Role of the organisation	<p>The Audit Organisation of Iran is recognised by law as the body to adopt accounting standards in Iran.</p> <p>The IICA and the IACPA are professional associations of accountants in Iran.</p>
Website	<p>AOI: <a href="http://www.audit.org.ir">www.audit.org.ir</a></p> <p>IICA: <a href="http://iica.ir/">http://iica.ir/</a></p> <p>IACPA: <a href="http://www.iacpa.ir/">www.iacpa.ir/</a></p>
Email contact	Mr Mousa Bozorg Asl: <a href="mailto:bozorgasl@audit.org.ir">bozorgasl@audit.org.ir</a>

## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	<p>Yes.</p> <p>By requiring banks, insurance companies, other financial institutions, and listed companies to apply IFRS Standards, the Audit Organisation of Iran has demonstrated that Iran has made a public commitment to global accounting standards, and to IFRS Standards as those standards.</p>
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>See above.</p>
What is the jurisdiction's status of adoption?	<p>The AOI requires large listed companies to apply IFRS Standards (with two optional modifications) starting with Iranian year 1395, which is the financial year beginning 20 March 2016 according to the Gregorian calendar.</p> <p>Other listed companies are permitted, but not required, to adopt IFRS Standards (with two optional modifications) from 1395. Such companies will be required to apply IFRS Standards (with two modifications) from 1396 (that is, financial years beginning March 2017). The Securities and Exchange Organization of Iran (the securities regulator) will announce criteria for identifying large listed companies.</p> <p>There are approximately 320 companies listed on the Tehran Stock Exchange. In addition, approximately 120 companies trade on the Iran Fara Bourse.</p> <p>The AOI requires that all banks, insurance companies, and other financial institutions (whether listed or not) to use IFRS Standards from the beginning of Iranian year 1395 (20 March 2016).</p> <p>Unlisted companies are required to follow Iranian National Standards for the present, but the AOI has indicated a longer-term plan to require IFRS Standards as well.</p> <p>See statement on the website of the AOI (in Farsi).</p>
Additional comments provided on the adoption status?	None.
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	IFRS Standards.
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If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.
Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	No. Separate company financial statements must conform to Iranian National Accounting Standards. Separate company financial statements are used to report information to the tax authority.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	Yes. All banks, insurance companies, and other financial institutions, listed and unlisted, are required to follow IFRS Standards from the beginning of Iranian year 1395 (20 March 2016).
If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?	Not applicable.
<i>For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:</i>	
Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?	Currently there are no foreign companies whose securities trade on the Tehran Stock Exchange.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?	Not applicable.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.
<b>IFRS ENDORSEMENT</b>	
Which IFRS Accounting Standards are required or permitted for domestic companies?	IFRS Standards as issued by the Board, with two optional modifications.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	IFRS Standards as endorsed in the Islamic Republic of Iran. If a company does not use the optional modifications, its audit report will state compliance with IFRS Standards without referring to endorsement.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS	No.

## Accounting Standards and the jurisdiction's GAAP)?

Are IFRS Accounting Standards incorporated into law or regulations?	Yes, see above.
If yes, how does that process work?	See above.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	The Audit Organisation of Iran has adopted IFRS Standards for specified companies. Endorsement of individual new or amended IFRS Standards is not necessary.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	Yes.
If yes, what are the changes?	<p>The AOI has made two modifications of IFRS Standards that are optional – that is, companies may use IFRS Standards without the modifications:</p> <ol style="list-style-type: none"> <li>1. Goodwill is amortised over its useful life but not more than 20 years, and also subject to write-down if impairment is indicated. Under IFRS 3 <i>Business Combinations</i>, the recoverable amount of goodwill must be measured each year and, if it is below the carrying amount, an impairment loss must be recognised.</li> <li>2. Investments in unquoted equity instruments are measured at cost, subject to write-down if impairment is indicated. Under IFRS 9 <i>Financial Instruments</i>, such investments are measured at fair value.</li> </ol>
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	IFRS Standards ('Blue Book') have been translated into Farsi, the national language of Iran.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	The translation follows the official IFRS Foundation translation process.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
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If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? Yes, it is under construction.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? All SMEs are required to use Iranian National Accounting Standards.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? Not applicable.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None.