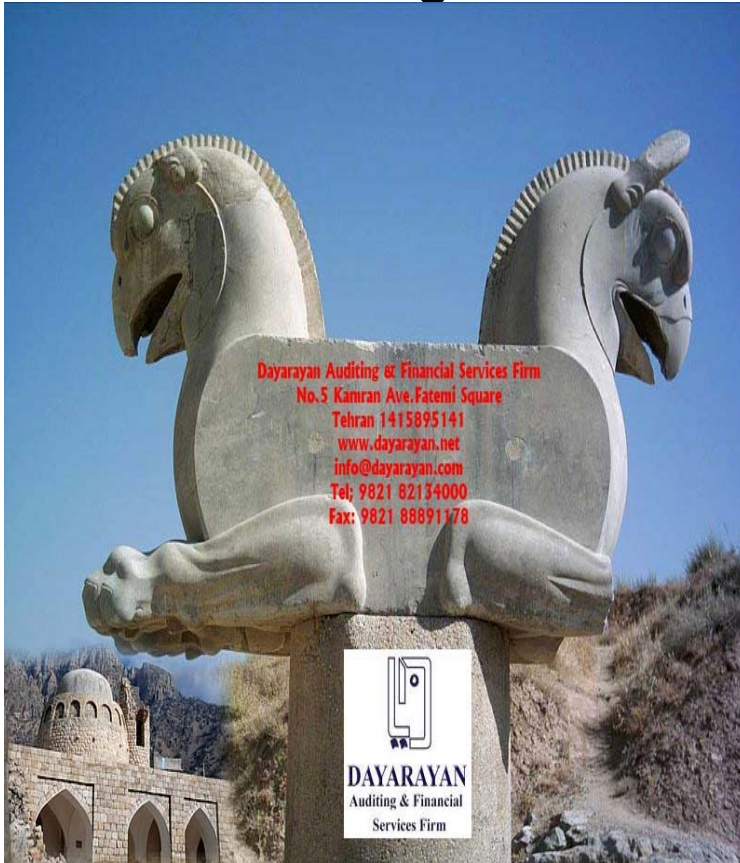


# 2011

## Chronology of Events in the History of the Iran Accounting Profession



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Services Firm



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# Chronology of Events in the History of the Iran Accounting Profession

Iranian believe that they have invented accounting because of base of accounting is mathematics and father of mathematics was Musa kharazmi that who was Iranian. By the time of Plato, Greek mathematics had undergone a drastic change. The Greeks created a geometric algebra where terms were represented by sides of geometric objects, usually lines, that had letters associated with them. Diaphanous (3rd century AD), sometimes called "the father of algebra", was an Alexandrian Greek mathematician and the author of a series of books called **Arithmetical**. These texts deal with solving algebraic equations.

Mathematics was father of accounting in old world and while the word *algebra* comes from the Arabic and Farsi language literally, *restoration*) and much of its methods from Iranian mathematics, its roots can be traced to earlier traditions, most notably ancient Indian mathematics, which had a direct influence on Muhammad Musa Kharazmi (c. 780–850). He learned Indian mathematics and introduced it to the Muslim world through his famous arithmetic text, *Book on Addition and Subtraction after the Method of the Indians*. He later wrote "*The Compendious Book on Calculation by Completion and Balancing*" which established algebra as a mathematical discipline that is independent of geometry and arithmetic.



## Chronology of Events in the History of the Iranian Accounting Profession

| Year  | Event   |
|---|---|
| 1311 (1932)<br>(enactment of business law)            | Appointment of Inspector to examine the accounts and documents of companies   |
| 1326 (1947)<br>(the tax law amended)                  | Use of public accountants services in matters of tax documentation was permitted  |
| 1328-1335 (1949, 1956)<br>(income tax law enacted)    | Acceptance of the results of the "Accountant Under Oath" 's examinations concerning the accounts or balance sheets of businessmen and companies for the purpose of tax assessment |
| 1340 (1961)   | Approval of operating regulations for the use of "Accountants Under Oath)   |
| 1341 (1962)   | Formation of the first association of "Accountant Under Oath"   |
| 1342 (1963)   | Approval of the articles of association of the Center "Accountant Under Oath"   |
| 1343 (1964)   | Foundation of the Iranian Accounting Association  |
| 1345 (1966)<br>(enactment of the law of direct taxes) | Formation of the "Center of Public Accountants" permitted   |
| 1346 (1967)   | Approval of regulations governing the selection of public accountants   |
| 1347 (1968)<br>(amendment of business law)            | Requirement for the use of public accountant's report   |
| 1349 (1970)   | Approval of operational regulations governing the appointment of persons licensed for the inspection of corporation- type companies   |
| 1350 (1971)   | Foundation of the Audit Firm, Inc.  |
| 1351 (1972)   | Use of public accountant's report is made a requirement/approval of the Articles of Association of the Center of Public Accountants   |
| 1359 (1980)   | Foundation of the Audit Institute Under the Organization of National Industries and the Planning and Budget Organization  |
| 1362 (1983)   | Enactment of the law decreeing the Establishment of the Iranian Audit organization  |
| 1366 (1987)   | Approval of the Articles of Association of the Audit Organization   |
| 1372 (1993)   | Enactment of the law decreeing the Establishment of the Iranian Audit Organization  |
| 1374 (1995)   | Approval of the regulations governing the determination of the public accountant's qualifications   |
| 1378 (1999)   | Formulation of the Iranian Association of Certified Public Accountants Articles of Association  |
| 1379 (2000)   | Formulation of the regulations governing the use of the public accountant's services and reports  |
| 1379 (2000)   | Formulation of guide for elections to the supreme council of the Iranian Association of Certified Public Accountants  |
| 1380 (2001)   | Announcement of the first group of public accountants and the convening of the first general meeting of the Iranian Association of Certified Public Accountants                   |
| 1383(2004)  | The second electing of high council of Iranian Association of Certified Public Accountants(IACPA)   |
| 1386 (2007)   | The third electing of high council of Iranian Association of Certified Public Accountants(IACPA)  |
| 1388(2009)  | By-Law of Increase guarantees to audit profession   |

**In the Name of God**  
**The Law of Using the Professional Services of the**  
**Qualified Accountants as Certified Public**  
**Accountants**  
**(Enacted by the Parliament on 1372=1993)**

*For the purposes of financial monitoring of the manufacturing, commercial and service sections and to obtain assurance about the reliability of the related financial statements, the interest of public, stockholders, and other interested individuals, hereby permission was granted to the executive branch to make the appropriated arrangements, as required to use the professional services of public accountants under the following circumstances:*

- a. Auditing and legal inspecting of the public corporations or applicants of registration in the stock exchange.*
  - b. Auditing and legal inspecting of other corporations.*
  - c. Auditing of non-corporate entities and also for profit and non-for-profit institutions.*
  - d. Auditing and legal inspecting of companies and institutions subject of paragraphs "a" and "b" of article 7 of the legal articles of association of the Audit Organization dated 1366.*
  - e. Tax auditing of personal and legal entities' tax returns.*
- ..... (The text does not include the subparagraphs of the law)*

**USE OF OFFICIAL (CHARTERED) ACCOUNTANTS AND ACCEPTANCE OF**  
**RETURNS BY TAX ASSESSORS**

The Iranian Association of Certified Public Accountants (IACPA) issued a notice to all manufacturing, trading and services entities as follows:

According to the Law on the Use of Specialized and Professional Services of Qualified (Official) Accountants ratified on 11.01.1994 and the Amendment made by the

Islamic Consultative Assembly in the said Law on 16.02.1994 as well as Article 2 of the Executive Regulation of Note 4 of the above Law ratified in the form of a decree by the Council of Ministers on 03.09.2000, the following taxpayers are under the obligation to appoint the statutory "Inspectors" of their companies from among the auditing firms being members of the IACPA. Appointment may be made from among natural persons accepted as official accountants by IACPA by taxpayers mentioned in Sub-clause "f" below, only:

- a. Companies accepted by or applying for acceptance by the Stock and Negotiable Instruments Exchange as well as the companies affiliated to the said companies.
  - a. Public joint stock companies as well as their subsidiary and affiliate companies.
  - b. The companies described in Sub-clauses a & b of Article 7 of the Audit Organization in due compliance with the procedure set forth in Note 1 of Article 132 of the Public Accounts Law.
  - c. Branches and representative offices of foreign companies which are registered in Iran pursuant to the permission granted under the Law Authorizing Registration of Branches and Representative Offices of Foreign Companies, ratified 1997 (Liaison offices excluded).
  - d. Non government public entities, foundations, companies, and organizations and the entities affiliated thereto.
  - e. Other natural persons and legal entities whose aggregate turn-over (sale of commodities or services and aggregate income in respect of contractors made and signed by them) shall not exceed eight billion rails or whose total assets shall not exceed sixteen billion Rails.

According to Article 2 of the above Executive Regulation, the financial statements of the persons and entities mentioned in the above sub-clauses being devoid of a confirmatory audit report by firms of auditors being members of IACPA or official accountants acceptable to IACPA may not be acceptable to the ministries, government organizations and companies, banks and insurance companies, non bank credit institutes, the Organization of Stock and Negotiable Instruments Exchange and

non government public foundations and institutes. No such statements may be used as evidence in favour of the said persons and entities.

According to Article 272 of the Direct Taxation Act as Amended on 16.02.2002 by the Islamic Consultative Assembly, those who are in charge of accounting works or carry out the duties of statutory inspectors of the taxpayers mentioned in the above sub-clauses shall be under the obligation to submit an audit report on the activities of the said taxpayers and submit same to the taxpayer for submission to the State tax office concerned in case of a request by the taxpayers in this regard. In such case, the State tax office concerned shall be bound to accept the said audit report without examination and issue a tax assessment sheet based on the said report.

Acceptance of the audit report by the State tax office concerned shall be subject to submission of a tax audit report drawn up by the same auditor who prepared the above audit report on the basis of auditing norms and standards together with tax return or within a maximum period of three (3) months after the date of expiry of the respite provided for submission of returns to the State tax office concerned.

### **Iranian Association of Certified Public Accountants (IACPA)**

A new feature of the Amendments made to the Direct Taxation Act in 2002 was the introduction of the role of auditors of a company. According to Note 1 of Article 272 of the Act, reports drawn up by the Auditing Organization of the Islamic Republic of Iran, official accounts, or the auditing firms which are members of the Association of Certified Public Accountants who are in charge of auditing the accounts of a taxpayer, as the case may be, shall be acceptable to the taxation authorities without any further investigation of the accounts books and vouchers and shall form the basis for issuing tax assessment sheets.

Pursuant to the approval of the Amendments made to the Direct Taxation Act in 2002 and introduction of the role of Certified Public Accountants above, the Law on Utilization of Professional Services of Certified Public Accountants was approved by the Islamic Consultative Assembly on January 11, 1994. According to the said Sole Article law: "For the purpose of enforcement of fiscal supervision on the entities engaged in production, trading and services as well as ensuring the reliability of the fiscal statements of the said entities in line with the aim of protection of the rights of the public, investors and other interested parties, the government shall be allowed to make arrangements to employ the professional services of qualified accountants in the following instances:

- a. Auditing and legal inspection of the companies accepted at the Stock Exchange or those companies applying therefore,
- b. Auditing and legal inspection of other joint venture companies,
- c. Auditing the accounts of the companies that are not limited by shares as well as profit and non profit entities,
- d. Auditing and legal inspection of the companies and entities being the subject of Sub-clauses "a" and "b" of Article 7 of the Articles of Association of the Auditing Organization, approved 1987,
- e. Tax audit of natural persons and legal entities.

Note 1- The conditions and the criteria pertaining to the qualifications of Certified Public Accountants and the manner of their appointment shall be according to a Regulation that shall be approved by the Council of Ministers pursuant to a proposed text to be made by the Minister of Economy and Finance.

Note 2- For the purpose of promotion of the profession of accounting and auditing and in order to provide professional supervision on the works of Certified Accountants, the first group of Certified Public Accountants having a quorum of at least ten accountants may proceed to incorporate the Iranian Association of Certified Public Accountants in the form of a non-government, non-profit organization. The Association shall be financially independent and shall be regarded as a legal entity.

The articles of Certified Public Accountants of the said Association shall be drawn up by incorporators and shall be approved by the Council of Ministers.

Note 3- Certified Public Accountants may set up firms of auditors according to the provisions of the articles of Certified Public Accountants of the Iranian Association of Certified Public Accountants

Note 4- The limits and criteria pertaining to the use of services and reports of Certified Public Accountants and auditing firms shall be according to a Regulation that shall be approved by the Council of Ministers pursuant to a proposal to be made, in this regard, by the Minister of Economy and Finance.

Note 5- Government organizations may utilize the services of the Auditing Organization acting as the sole governmental auditing organization or may use the services of Certified Public Accountants and the above said auditing firms.

The executive by-laws on the qualifications of Certified Public Accountants and the manner of their accreditation and appointment were approved by the Council of Ministers on August 12, 1995.

According to Article 3 of the said by-laws, Certified Public Accountants were required to have the following qualifications:

“Article 3- Certified Public Accountants shall have the following qualifications:

- a. IRI nationality and loyalty to the Constitution of the IRI.
- b. Lack of any effective criminal conviction.
- c. Good reputation for adherence to good religious and social behaviour and having no addiction to narcotics.
- d. Lack of any previous records of vocational, fiscal and administrative malpractice.
- e. ...
- f. ...
- g. ...

- h. Having a minimum degree of BA in accounting or similar fields or vocational degrees recognized internationally.**
- i. Having a minimum of six years of experience in auditing after obtaining B.A. degree with minimum two years of the above period in Iran.**
- j. Passing exams in accounting, auditing, commercial regulations, fiscal, assessment and taxation matters.**

**Further, Certified Public Accountants were divided into practicing and non-practicing Certified Accountants:**

**“Article 4- That group of Certified Public Accountants who shall become engaged in carrying out auditing and legal inspection or other services that shall be regarded, at the opinion of the Board of Accreditation and Appointment of Certified Accountants, as the tasks and duties of Certified Accountants, on full time basis and who do not have any other occupation (except part time teaching at higher education institutes, shall be known as practicing Certified Accountants. Otherwise, they shall be known as Certified Accountants.**

**Note 1- The Certified Public Accountants engaged in works in government organizations, municipalities, revolutionary organizations and the entities affiliated thereto as well as in private and cooperative legal entities or engaged in other vocations shall be bound to inform the Secretariat of the Board of Appointment of Certified Public Accountants in order that their work permits (identification cards) shall be changed to the cards of Certified Public Accountants (non-practicing Certified Accountants).**

**Note 2- Non-practicing Certified Public Accountants shall not be allowed to carry out the works described in the Law on the Use of Professional Services of Certified Accountants.**

**Further, they shall not be allowed to act as partners in the auditing firms described in the above law.”**

**“Article 5- All Certified Public Accountants shall have identity cards issued for them bearing their pictures by the Secretariat of the Board of Accreditation and Appointment of Certified Accountants.**

**The said Secretariat shall publish the names of practicing and non-practicing official experts in the month of January of each year through the Official Gazette and at least one newspaper of mass circulation."**

**The following are the salient features of the Articles-of-Certified Public Accountants of the Association of Certified Public Accountants of Iran, approved by the Council of Ministers on September 18, 1999 together with amendments made thereto:**

## **The Association of Iranian Certified Public Accountants**

### **Articles-of-Certified Public Accountants**

#### **Chapter I- Generalities**

**Article 1- In these Articles, the following expressions shall have the meanings ascribed to them as follows:**

- a. Qualification By-Laws: The by-laws for determining the qualifications of Certified Public Accountants and the manner of their accreditation and appointment, approved in the form of Council of Ministers' Decree No.H13875T/9045 dated October 14, 1995.**
- b. Accreditation Board: The Board of Accreditation and Appointment of Certified Public Accountants set up under Article 1 of the Accreditation By-Laws.**
- c. The Association : The Iranian Association of Certified Public Accountants**
- d. Specialized and Professional Services: The said services shall comprise the following:**
  - Auditing services including all types of auditing,**
  - Legal inspection,**
  - Fiscal management consultation,**
  - Design and implementation of fiscal systems,**

- Fiscal, accounting and taxation services,
- Supervision of the process of liquidation,
- Services required by courts and judicial authorities in respect of the above services that will be undertaken by Certified Accountants.

## **Article 2- The Objectives of the Association**

**Regulating the affairs and promotion of accounting and auditing profession in Iran and professional supervision of the tasks undertaken by accountants through:**

- a. **Providing organization for Certified Accountants,**
- b. **Improvement and expansion of professional services by contributing to compilation, drawing up, promotion and expansion of accounting, auditing, and fiscal services norms and principles and the Code of Professional Ethics,**
- c. **Upgrading the professional skills of Certified Public Accountants through promotion and improvement of education, research and publication of specialized and professional literature,**
- d. **Protection of the professional and vocational rights of the members,**
- e. **Establishing continued technical and professional links among the members,**
- f. **Establishing links with professional regional and international institutes and formations and seeking their membership, if necessary.**

**Article 3- Those who shall be accredited according to the regulations of the Accreditation By-Laws and appointed as Certified Public Accountants shall be regarded as members of the Association, according to these Articles.**

**Note 1- Those who shall be disqualified may not use the title of official accountant and shall cease to be a member of the Association.**

**Note 2- The auditing firms mentioned in Note 3 of the Law on the Use of Professional Services of Certified Public Accountants (the Law) shall be members of the Association.**

## **Chapter II- Constituents**

**Article 4- The Association shall comprise the following constituents:**

- a. High Council ,**
- b. The Board of Directors,**
- c. Supervision High Council**

**Article 5- The High Council shall have 11 members who shall be elected by Association members from among the members of the Association.**

**Article 6- The High Council shall be the highest authority within the Association and shall have the following powers:**

- 1. Electing members of the Board of Directors,**
- 2. Determining the policies and approving the plans and projects of the Association ,**
- 3. Drawing up the Code of Professional Ethics of Certified Public Accountants within the framework of the norms announced by legal, competent authorities,**
- 4. Drawing up and approval of the Code of Conduct and Professional Supervision,**
- 5. Determining the fiscal, transactions, administrative and employment by-laws of the Association.**

**Article 10- Board of Directors**

**The Board of Directors of the Association shall have three (3) or five (5) members who shall be elected by the High Council from among the members of the Association for three (3) years.**

**Article 12- The duties and powers of the Board shall be as follows:**

- 1. Enforcement of resolutions of the High Council,**

2. Drawing up plans according to the policies adopted by the High Council,
3. Drawing up the Code of Professional Ethics,
4. Drawing up the Code of Conduct and Professional Supervision,
12. Management of fiscal, transactions and employment affairs,
16. Representing the Association before all judicial authorities, referring disputes to arbitration and settlement thereof.

#### **Article 15- Supervision High Council**

The Supervision High Council shall comprise a chairperson and two members to be appointed from among Certified Public Accountants by the Minister of Economy and Finance.

**Article 16- Supervision High Council shall be in charge of the following matters:**

- a. To give opinion on the annual operations report of the Board of Directors,
- b. To give opinion regarding financial statements prepared by the Board,
- c. To supervise the specialized work groups of the Association.

#### **Chapter III- Auditing Firms**

**Article 24- An auditing firm shall be formed and set up by at least three practicing Certified Public Accountants to carry out auditing, legal inspection and other professional and specialized services mentioned in Sub-clause "d" of Article 1 of these articles of Certified Public Accountants according to the following terms and conditions:**

1. An auditing firm, after obtaining a permission for establishment shall be registered in the form of a non-commercial profit making institute.
2. In creating a name for the firm, the words Auditing Firm and Certified Public Accountants shall be included.
3. Partners of a firm of auditors shall be engaged to work in the firm on full time basis.

4. **Partners of a firm of auditors shall be jointly and individually liable in respect of all the activities of the firm vis-à-vis third parties.**

**Note 1- A firm of auditors shall be allowed to exclusively supply the above said services and may not become engaged in any other activity.**

#### **Chapter IV- Professional Supervision**

**Article 28- to assure elevation of the level of expertise of the members, bring about coordination in the methods of auditing and legal inspection, improve the quality of reports of Certified Public Accountants and audit firms, prevent attitudes that will be incompatible with professional norms and to provide training courses for the members and to assure compliance by members with the provisions of these articles of Certified Public Accountants and pertinent regulations, the Association shall exert continued supervision on the works of Certified Public Accountants and auditing firms.**

**Note 1- The above supervision shall be exerted by specialized work groups of the Association . Certified Public Accountants and auditors' firms shall be under the obligation to put the files, information and details required by the work groups, at their disposal in order to enable the said work groups to report to the competent constituents of the Association .**

**Note 2- All the said files, information and details shall be regarded as confidential and classified documents and members of the work groups may only divulge and disclose the contents thereof except to the competent forums.**

**Article 30- The Board of Directors shall be under the obligation to investigate the professional activities of each member of the Association, at least once every year.**

## **Chapter V- Disciplinary Boards**

**Article 31- Disciplinary defaults and infringements on the part of the members shall be investigated by the First Instance Disciplinary Board and the Disciplinary High Council.**

**Article 35- Disciplinary punishments of the members of the Association shall be as follows:**

- 1. Reprimand without insertion of note in the file of the member concerned.**
- 2. Reprimand with insertion of notice in the file of the member concerned.**
- 3. Prohibition from accepting new works for a specific period,**
- 4. Suspension of membership up to one year,**
- 5. Suspension of membership for a period in excess of one year,**
- 6. Disqualification.**

### **By-Laws on the Use of Professional Services of Certified Accountants**

**Council of Minister Decree Dated September 3, 2000**

**Article 1- In order to exert fiscal supervision on manufacturers, traders and service providers and to assure the reliability of their fiscal statements in line with the protection of the interests of the public, owners of capital and other interested parties, the natural persons and legal entities set forth herein shall use the specialized and professional services of practicing Certified Public Accountants and auditing firms that are members of the Iranian Association of Certified Public Accountants**

**Article 2- The following legal entities shall be under the obligation to elect their Auditor and Legal Inspector or their Auditor, as the case may be, from among the auditing firms that are members of the Association of Certified Public Accountants of Iran:**

- a. **The companies accepted at the Stock Exchange and the companies that apply to be accepted at the Stock Exchange as well as their subsidiaries and affiliate companies.**
- b. **Public joint stock companies and their subsidiaries and affiliated companies.**
- c. **The companies falling under the provisions of Sub-clauses a and b of Article 7 of the Articles of Certified Public Accountants of the Audit Organization in compliance with the procedures described in Note 1 of Article 132 of the Public Accounts Law.**
- d. **Branches and representative offices of foreign companies that were registered in Iran pursuant to the authorization given under the Law on Registration of Branches and Representative Offices of Foreign Companies, approved 1997.**
- e. **Non-government public entities and companies as well as their subsidiaries and affiliate organizations and entities.**
- f. **The following legal entities and natural persons may be required, until January 20 each year, by the Ministry of Economy and Finance, to use the services of Certified Accountants. To this end, the Ministry shall take such matters as their importance, sensitivity and volume of operations (turn-over, total assets value, number of personnel and the amount of capital) as well as the working capacity of auditing firms and official accountant, into consideration:**
  - 1. **Private joint stock and other types of companies as well as non-commercial profit entities,**
  - 2. **Cooperative companies and entities and their unions.**
  - 3. **The natural persons who, according to legal requirements have been obligated to maintain statutory accounts books.**

**Note 1- Those falling under the provisions of this Article may use the services of the Auditing Organization being the only governmental auditing firm, to act as their Auditor and Legal Inspector or as their Auditor, as their cases may be.**

**Note 2- The criteria concerning the categories of subsidiaries and affiliated companies shall be fixed with due regard to auditing principles set forth in Article 7-g of the Articles of Certified Public Accountants of Auditing Organization.**

**Note 3- Upon decision to be adopted and notified by the Ministry of Economy and Finance, it shall be possible to use the services of (non-practicing) Certified Public Accountants as Auditors and Legal Inspectors or as Auditors in respect of the taxpayers mentioned in Sub-clause "g" of the above Article 7 of the Auditing Organization.**

**Article 3- The financial statements of the taxpayers mentioned in Article 2 above that shall be devoid of the required Auditor's and Legal Inspector's report or Auditor's report, as the case may be, shall not be acceptable to and may not be used as reference in any one of the ministries, government organizations, state owned companies, banks, insurance companies, non-bank credit institutes, stocks and negotiable instruments exchange organization and non-government public institutes and entities, by those mentioned in the above said Article 2.**

**Note- In cases where the use of facilities offered by ministries, organizations, companies and entities set forth in this Article, by natural persons and legal entities, shall require submission of their financial statements, the report of an official account or auditing firm shall accompany the said statements.**

**Article 4- Certified Public Accountants and auditing firms shall be under the obligation to express their opinion explicitly concerning the accounts and financial statements verified by them through their reports that will be drawn up according to the requirements of the Commercial Code of Iran as Amended in 1967 and sound auditing principles. Accountants and Auditors, in their capacity as Auditor and Legal Inspector or Auditor shall particularly give their opinions in respect of the following matters:**

- a. Compliance with commercial, taxation and other laws and regulations pertaining to the activities of the taxpayer whose accounts and financial statements are being verified,**

- b. Compliance with sound accounting norms and principles in drawing up and release of financial statements as well as the notes accompanying the said statements,**
- c. The extent of demonstration of the fiscal status of a taxpayer whose accounts have been verified, in the said financial statements.**

**Note 1- If Certified Public Accountants and auditing firms, in their examination, shall run into any infringement of the laws and regulations by the boards of directors and/or the managing director of an entity whose accounts are being examined, they shall be bound to state and disclose such infringements in their reports.**

**Note 2- By sound auditing norms and principles, it is meant those regular norms in auditing and the standards being the subject of Article 7-g of the Auditing Organization's Articles of Certified Public Accountants and the Code of Professional Ethics mentioned in Sub-clause 3 of Article 6 of the Iranian Association of Certified Public Accountants**

**Note 3- By accounting norms and principles it is meant the principles prevailing in accounting that have been mentioned in the standards being subject to Article 7-g of the Articles of Certified Public Accountants of the Auditing Organization.**

**Article 5- (Amended through Council of Ministers' Decree No. K37129T/740 dated March 29, 2008 and published through Official Gazette No.18377 published on April 6, 2008) – Certified Accountants, auditing firms or the Auditing Organization being in charge of auditing and legal inspection or in charge of the auditing of the accounts of those mentioned in Article 2 of these by-laws, in case of a request by the individuals or entities concerned shall, in addition to preparing the report mentioned in Article 4 above, draw up a separate tax audit report according to a format that shall be prepared and distributed by the Taxation Affairs Organization and shall hand over the said report to the applicant taxpayer in order to be submitted to the Taxation Affairs Department.**

**The said report shall include the following matters:**

- a. Opinion in respect of the efficiency of the accounts books and vouchers and their attachments for auditing purposes in accordance with the requirements of the Direct Taxation Act and the regulations pertinent to the said Act and compliance with accounting norms and principles.**
- b. Determining the taxable income on the basis of the provisions of this law and pertinent laws and regulations.**
- c. Giving opinion regarding withholding taxes that the taxpayer concerned was obliged, according to the provisions of the pertinent law, to deduct from payments made by the taxpayer to others, and pass on to the Taxation Affairs Organization.**
- d. Other matters that will be included in the relevant format auditing report and distributed by the Taxation Affairs Organization.**

**Note 1- Also the tax audit report in respect of indirect taxes, with due consideration of the provisions of Sub-clause "e" of the Sole Article Law on the Use of Professional Services of Certified Accountants, approved 1993 and Note 4 of the said law shall be in accordance with the format tax audit report to be drawn up and provided by the Taxation Affairs Organization.**

**Note 2- In cases where the Certified Public Accountants and auditing firms or the Auditing Organization, in carrying out their work according to Sub-clause "a" of this Article, shall find certain defects that, in their opinion, cannot affect the validity of the accounts books and it shall still be possible to determine the actual taxable income of the taxpayer concerned, they shall proceed with determining the taxable income while they shall give a mention of the said defect, in their reports.**

**If the accounts books, vouchers and documents shall not be acceptable for the purpose of determining the taxable income or if the said books, vouchers, taxable income and documents shall not be acceptable due to failure of the taxpayer in complying with the laws and regulations, the Certified Accountants, auditing firms or the Auditing Organization, while submitting a tax audit report containing their**

opinion regarding the defects of the vouchers, supporting documents and accounts books, shall also inform the Taxation Affairs Organization, in writing, by indicating the reasons. In such case, the Taxation Affairs Organization shall be bound to conduct investigations and assess the taxable income.

**Note 3-** If, prior to or after issuing the tax assessment sheet, certain information and evidence concerning the fiscal operation and activity of a taxpayer shall come to surface as a result of which it shall be deemed necessary to examine the accounts books, vouchers and documents of the taxpayer and supplementary explanations of Certified Accountants, auditing firms or the Auditing Organization shall be required, the Head of the Taxation Affairs Department shall inform the official accountant, auditing firm or the Auditing Organization in writing by providing the details in order that the following acts shall be taken:

- a. Certified Accountants, auditing firms or the Auditing Organization, within one month after the date of receipt of the enquiry, shall examine the accounts books, vouchers and the documents of the taxpayer concerned and shall report any failure on the part of the taxpayer in recording the transaction being the subject of the enquiry, in writing, to the Head of the Taxation Affairs Department. In such case, the Taxation Affairs Department shall proceed to act in accordance with the applicable laws and regulations pursuant to receiving the above report.
- b. If the transaction being the subject of the enquiry has been already recorded and registered in the accounts books, the official account, auditing firm or the Auditing Organization shall report such compliance, in writing, to the Head of the Taxation Affairs Department by giving the number of the accounting vouchers and photocopies of the voucher and its supporting documents.
- c. If, in the opinion of the Head of the Taxation Affairs Department, the reply given by the official accountant, auditing firm or the Auditing Organization, with due regard to the latter part of Note 1 of Article 272 of the Direct Taxation Act and the documents and remarks already given, shall not be in line with the law, the Taxation Affairs Department shall refer the case to the 3-member Panel of Tax Experts formed under Article 6(1)-b of these present by-laws.

- d. If the Certified Accountants, auditing firms or the Auditing Organization shall not provide the necessary reply to the Head of the Taxation Affairs Department within one month after receiving the enquiry, the Taxation Affairs Department shall directly refer to the taxpayer concerned and make the necessary enquiry and shall take proper action in accordance with the law.

Note 4- Those who refer the task of tax auditing to Certified Accountants, auditing firms or to the Auditing Organization shall be under the obligation to send a copy of the auditing agreement concluded with the official accountant, auditing firm or the Auditing Organization together with their tax returns to the Taxation Affairs Department concerned.

Note 5- In cases where a tax case of one of the above said taxpayers shall be referred to the 3-member Panel of Tax Experts formed under Article 97-3 of the Direct Taxation Act, one of the said three members shall be appointed from among Certified Public Accountants by the Head of Taxation Affairs Department.

Article 6- (Amended through Council of Ministers' Decree No. K37129T/740 dated March 29, 2008 and published through Official Gazette No.18377 published on April 6, 2008) – The Taxation Affairs Department shall accept a tax audit report without verification and investigation and shall issue a tax assessment sheet in accordance with the regulations. Acceptance of a tax audit report shall be contingent on submission of such report by the taxpayer concerned, together with an opinion (made by the official accountant, auditing firm or Auditing Organization) at the time of submission of the annual tax returns or within a maximum period of three months after the date of expiry of period of submission of tax returns to the Taxation Affairs Department.

Note 1- If, prior to the issuance of a tax assessment sheet, tax audit reports were submitted in respect of Sub-clauses "b" (acceptable expenses and depreciation) and "c" (including indirect, withholding and salary taxes) of Article 5 of these by-laws and such reports, as well as the tax exemptions, shall require supplementary explanations by Certified Accountants, auditing firms or the Auditing Organization, the Head of the Taxation Affairs Department shall make inquiries from the Certified Accountants, auditing firms or the Auditing Organization which enquiries shall be processed as follows:

- a. **Certified Accountants, auditing firms or the Auditing Organization shall provide their supplementary explanations to the Head of the enquiring Taxation Affairs Department within one month after the date of receiving the enquiry. In case of their failure to provide the additional explanatory notes or if they inform that the accounts books, vouchers and supporting documents of the taxpayer concerned are inaccessible, the Taxation Affairs Department shall proceed with the investigation and assessment of the taxable income and withholding taxes due by the taxpayer concerned according to the applicable regulations.**
  
- b. **If the reply given by Certified Accountants, auditing firms and the Auditing Organization, with due regard to the provisions of the latter part of Note 1 of Article 272 of the Direct Taxation Act, in the opinion of the Head of the Taxation Affairs Organization, shall not be satisfactory, the matter shall be referred to a panel comprising the representatives of the Taxation Affairs Organization, the High Council of the Association of Certified Public Accountants of Iran, and the Auditing Organization (only in respect of case pertaining to the tax audit reports furnished by the said Organization), and one of the Certified Public Accountants elected by the Head of the Taxation Affairs Organization. Meetings of the said Panel shall have quorum by presence of all the above members. The decisions of the said panel shall be adopted by a majority of the votes of members. Such decisions shall be acceptable to the Taxation Affairs Organization, the Association of Certified Public Accountants of Iran and the Auditing Organization and shall be used as the basis for finalization of the particular case being the subject of reference to the said Panel.**

**Investigations by the above panel shall include discussions with Certified Accountants, auditing firms or the Auditing Organization that furnished the tax audit report, examination of the vouchers and supporting documents pertaining to the tax audit that are related to the enquiry(-ies) made by the Taxation Affairs Department as well as the request made by the said Department for supplying supplementary investigations by Certified Accountants, auditing firms or the Auditing Organization in order that the results shall be reported to the said Panel.**

**Note 2-** The procedures for holding the meetings of the Panel mentioned in Sub-clause "b" of Note 1 above shall be drawn up by the above Panel and shall be approved by the Head of Taxation Affairs Organization.

**Note 3-** The heads of taxation affairs departments, Certified Accountants, auditing firms and the Auditing Organization shall take such initiatives that the enquiries and replies shall be made within the respites allowed. Correspondence between a taxation affairs department and Certified Public Accountants shall be made in writing through registered mail.

**Note 4-** If the above Panel shall consider an official accountant, auditing firm or the Auditing Organization in default, by unanimous vote, on grounds of inconsistency with the Directive on the Manner of Drawing up Tax Auditing Reports and other taxation regulations, the Taxation Affairs Organization shall communicate the opinion given by the Panel to the disciplinary boards of the Association of Certified Public Accountants of Iran or the Disciplinary Committee of the Auditing Organization, as the case may be.

The Iranian Association of Certified Public Accountants and the Auditing Organization shall be under the obligation to send a copy of the verdict issued by the disciplinary boards or the Disciplinary Committee mentioned above to the Taxation Affairs Organization for information.

**Article 7-** Other natural persons and juridical entities that do not fall under the provisions of Article 2 of these by-laws may refer the task of auditing of their financial statements and preparation of their tax audit reports to Certified Public Accountants or auditing firms and submit the said reports together with their annual tax returns and financial statements to the Taxation Affairs Department concerned or submit same to the said Department within the respite provided in Article 6 above.

In the above case, the said taxpayers shall benefit from the facilities provided in Articles 5 and 6 above as well as the Notes of the said Articles.

**Article 8-** Natural persons and juridical entities may, with the consent of the Social Security Organization, refer the task of audit of their statutory accounts books and preparation of the report and calculation of the amounts from which SSO insurance

premium must be deducted, to Certified Public Accountants or auditing firms described in the pertinent by-laws on referring works to Certified Public Accountants or auditing firms in order to prepare the required auditing report by taking into consideration the obligations of employers under the pertinent laws, regulations and directives of the Social Security Organization. In such case, the report prepared in the above manner shall be used as the basis of calculation of the SSO insurance premium due.

**Note-** The provisions of this Article may not preclude the Social Security Organization (SSO) from claiming and collecting the amounts due to the SSO as a result of mistakes in calculations and the amounts neglected to be included in the above audit report. Such amounts may be claimed by the SSO in accordance with the provisions of the Social Security Act and other applicable regulations within a maximum period of six months after the date of submission of the auditors report.

**Article 9-** Juridical entities and natural persons may, with the consent of the government organizations collecting indirect taxes, differentials of the prices of commodities and services, government duties and levies as well as municipalities, Ministry of Education, Physical Education Organization and other similar bodies, use the services of Certified Public Accountants and auditing firms for the purpose of drawing up special audit reports in the above cases.

In such case, the above government organizations shall use the above audit reports as the basis of their calculations and collection of the amounts due to them.

**Note-** The government organizations mentioned in this present Article may likewise refer the task of special auditing and preparation of reports of the accounts of the above natural persons and legal entities, directly, to Certified Public Accountants or auditing firms. In such case, payment of the fees shall be duly made by the employer government organization.

**Article 10-** All parties mentioned herein who are allowed to repatriate overseas any part or the whole of their income, principal investment and capital, dividends accruing on the said investments, royalties, installments of credit facilities extended by them as well as the interest accruing thereon, etc. through the banking network, in accordance with foreign currency control regulations, shall be under the obligation to attach a special report made by the Auditing Organization, a firm of auditors or an

official accountant, as the case may be, to their request and application for funds' repatriation confirming that the funds requested to be transferred overseas are duly substantiated and supported by the documents and regulations, in force, in respect of such transfer.

**Note 1-** Regulations in this present Article do not cover the instances of purchases of goods and services and obtaining credit facilities from outside Iran if the transactions were carried out by means of letters of credit, order registration and the like methods that are covered by controls through other competent authorities.

**Note 2-** The Board mentioned in Article 2 of Foreign Investment Promotion and Protection Act (FIPPA), approved 1955, may apply for the use of services of the Auditing Organization, auditing firms or Certified Accountants, as the case may be.

**Article 11-** All reports made by Certified Public Accountants shall be signed and stamped (sealed) by the official accountant concerned by indicating the name, family name and membership number of the official accountant on the report.

In case of reports by firms of auditors, the signature of at least one of the partners of the firm by indicating the name, family name and membership number of the said partner and the seal of the firm shall be sufficient.

**Article 12-** Natural persons and legal entities, in addition to the above, may also use the other services allowed to be offered by Certified Public Accountants and auditing firms enumerated in Article 1 of the Articles of Certified Public Accountants of the Iranian Association of Certified Public Accountants

**Article 13-** So long as the Code of Professional Ethics of Accountants mentioned in Sub-clause 3 of Article 6 of the Articles of Certified Public Accountants of the Association of Certified Public Accountants of Iran has not been approved, the reports of an official accountant or a firm of auditors having shares and interests in the capital and incomes of the entity being the subject of their report, or having transactions and contributing to the business of any such entity by providing accounting and fiscal services or represented the said entity in board meetings, shall not be acceptable in favour of the said entity.

**Note- If an official accountant or a firm of auditors shall accept to provide consultation services and design of fiscal systems for an employer, the official accountant or auditors firm must inform the Secretary General of the Association (prior to the start of auditing activities) and shall fully comply with professional norms and principles in such way that the professional competence and independence of the official accountant or auditors firm shall not be prejudiced.**

**Article 14- In cases where judicial forums or courts of arbitration, whether domestic or foreign, shall require the services of Certified Public Accountants or auditing firms, the Association of Certified Public Accountants of Iran shall supply the list of names of Certified Public Accountants and auditors' firms. The accountant or firm that shall be designated shall inform the Association of Certified Public Accountants of Iran of any such appointment.**

**The Certified Public Accountants and Auditing Firms member of  
The Iranian Association of Certified Public Accountants**

**Official Gazette No.18321 Dated January 20, 2008**

**Letter No.86/1383 dated January 12, 2008 of the Association of Certified Public Accountants of Iran to the Official Gazette:**

**According to the Law on the Use of Specialized and Professional Services of Certified Public Accountants approved on January 12, 1994 as well as Article 2 of the Executive By-Laws of Article 4 of the above Law approved by the Council of Ministers on September 3, 2001, the following juridical entities are under the obligation to select their Auditors and Legal Inspectors, or their Auditors, as the case may be, from among the auditors' firms that are members of the Association of Certified Public Accountants of Iran, in respect of all the following instances, or from among the practicing Certified Public Accountants who are members of the above Association , only in respect of Sub-clause "f" below:**

- a. The companies accepted by the Stock Exchange or that have applied for being accepted as well as their subsidiaries and affiliated companies.**

- b. Public joint stock companies as well as their subsidiaries and affiliated companies.**
- c. The companies falling under the categories described in Sub-clauses "a" and "b" of Article 7 of the Articles of Certified Public Accountants of Auditing Organization in compliance with the procedures envisaged in Note 1 of Article 132 of the Public Accounts Law.**
- d. Branches and representative offices of those foreign companies that have been registered in Iran pursuant to the Law Authorizing the Registration of Branches and Representative Offices of Foreign Companies approved 1997.**
- e. Non-government public entities and institutes as well as their affiliated and subsidiary companies, organizations and entities.**
- f. Other natural persons and legal entities including private joint stock companies and other types of companies as well as those non-commercial, profit entities, cooperative companies and their unions and natural persons that are under the obligation to maintain statutory accounts books according to the pertinent legal provision and their total sales figure, according to their tax returns on account of the supply of goods or services, exceeds Rls.8 billion (in respect of contracting companies if the amount collected by them on account of the contracts concluded by them exceeds eight billion rials).**

**Note- Those enumerated above may use the services of the Auditing Organization being the only governmental auditing firm to act as their Auditor and Legal Inspector or as their Auditor, according to the legal requirements.**

**According to Article 3 of the above By-Laws, the fiscal statements of the natural persons and legal entities enumerated in Sub-clauses "a" to "f" above that shall be devoid of Auditor and Legal Inspector's Report or shall be without Auditor's Report, shall not be acceptable to any one of the ministries, government organizations, government companies, banks, insurance companies, non-bank credit institutes, stock exchange, and non-government public entities, foundations and institutes and no reference may be made to the said fiscal statements in favour of the said parties.**

According to Article 272 of the Direct Taxation Act, the Auditing Organization, Certified Public Accountants and auditing firms that are members of the Association of Certified Public Accountants of Iran and carry out the task of auditing and legal inspection or the task of auditing the accounts of the natural persons and legal entities enumerated in Sub-clauses "a" to "f" above, in case of a request by the said parties, shall prepare a tax audit report in order to be presented to the local taxation affairs departments by the taxpayer concerned.

The said tax audit reports shall be acceptable to tax assessors in order to issue the tax assessment sheet on the basis of the said report and without verification and examination of the statutory accounts books and fiscal statements of the taxpayer concerned. Provided, however, that the said tax audit report that has been drawn up by the same official accountant or auditors' firm according to sound auditing norms, shall be submitted together with the annual tax returns or within a maximum period of 3 months after the expiry of the respite allowed for filing tax returns.

In consideration of the above, the list of the names of Certified Public Accountants that have been accepted by the Board of Accreditation and Appointment of the Association of Certified Public Accountants and have thus become a member of the Association as well as the list of the names of auditing firms that are members of the Association are being announced below in implementation of Article 57 of the Articles Association of Certified Public Accountants and Article 4 of the Executive By-Laws of the Auditing Firms mentioned in Article 27 of the said Articles-of-Certified Public Accountants.

**What is comparative table between Iran & IAS Auditing standards**

| No                                    | Title  | Compatible with |
|---------------------------------------|--|-----------------|
| ---                                   | <b>Introductory Matters</b>  | <b>Preface</b>  |
| 20                                    | <b>Objectives and General Principle Governing Audit of Financial Statements</b>  | <b>ISA 200</b>  |
| 21                                    | <b>Terms of Audit Engagements</b>  | <b>ISA 210</b>  |
| 22                                    | <b>Quality Control for Audit Work</b>  | <b>ISA 220</b>  |
| 23                                    | <b>Documentation</b>   | <b>ISA 230</b>  |
| 24                                    | <b>Fraud and Error</b>   | <b>ISA 240</b>  |
| 25                                    | <b>Consideration of Laws and Regulations in an Audit of financial statements</b> | <b>ISA 250</b>  |
| 30                                    | <b>Planning</b>  | <b>ISA 300</b>  |
| 31                                    | <b>Knowledge of Business</b>   | <b>ISA 310</b>  |
| 32                                    | <b>Audit Materiality</b>   | <b>ISA 320</b>  |
| 40                                    | <b>Risk Assessments and Internet Control</b>                                     | <b>ISA 400</b>  |
| 50                                    | <b>Audit Evidence</b>  | <b>ISA 500</b>  |
| 51                                    | <b>Initial Engagement- Opening Balances</b>                                      | <b>ISA 510</b>  |
| 52                                    | <b>Analytical Procedures</b>   | <b>ISA 520</b>  |
| 53                                    | <b>Audit Sampling</b>  | <b>ISA 530</b>  |
| 54                                    | <b>Audit of Accounting Estimates</b>   | <b>ISA 540</b>  |
| 55                                    | <b>Related Parties</b>   | <b>ISA 550</b>  |
| 56                                    | <b>Subsequent Events</b>   | <b>ISA 560</b>  |
| 57                                    | <b>Going Concern</b>   | <b>ISA 570</b>  |
| 58                                    | <b>Management Representations</b>  | <b>ISA 580</b>  |
| 60                                    | <b>Using the work of another auditor</b>   | <b>ISA 600</b>  |
| 61                                    | <b>Considering the work of internal auditing</b>                                 | <b>ISA 610</b>  |
| 62                                    | <b>Using the work of and expert</b>  | <b>ISA 620</b>  |
| 70                                    | <b>The auditor report on financial statements</b>                                | <b>IAS 700*</b> |
| 80                                    | <b>The auditor's report on special purpose audit engagement</b>                  | <b>ISA 800</b>  |
| 91                                    | <b>Engagements to review financial statements</b>                                | <b>ISA 910</b>  |
| 92                                    | <b>Engagements to perform agreed-upon-procedures</b>                             | <b>ISA 920</b>  |
| 93                                    | <b>Engagements to compile financial information</b>                              | <b>ISA 930</b>  |
| 105                                   | <b>Particular considerations in the audit of small businesses</b>                | <b>ISA 1005</b> |
| 107                                   | <b>Communications with management</b>  | <b>ISA 1007</b> |
| <b>*Except for legal requirements</b> |  |                 |

**Iranian Accounting Standards comparison with International Accounting Standards**

| Iranian Accounting Standards |   | International Accounting Standards (IAS) |  |
|------------------------------|---|--|--|
| Standard No.                 | Standard Title  | Standard No.                             | Standard Title   |
| 1                            | Presentation of Financial Statements  | <i>IAS 1</i>                             | Presentation of Financial Statements   |
| 2                            | Cash Flow Statement   | <i>IAS 7, except for (a)</i>             | Cash Flow Statement  |
| 3                            | Revenue   | <i>IAS 18</i>                            | Revenue  |
| 4                            | Accounting for Contingencies  | <i>IAS 37</i>                            | Provisions, Contingent Liabilities and Contingent assets                               |
| 5                            | Events After the Balance Sheet Date   | <i>IAS 10</i>                            | Events After the Balance Sheet Date  |
| 6                            | Reporting Financial Performance   | <i>IAS 8</i>                             | Net Profit or Loss for the Period, Fundamental Errors and Changes In Accounting Policy |
| 7                            | Accounting for Research and Development costs                                   | <i>IAS 38</i>                            | Intangible Assets  |
| 8                            | Accounting for Inventories  | <i>IAS 2</i>                             | Inventories  |
| 9                            | Accounting for Long-term Construction Contracts                                 | <i>IAS 11</i>                            | Construction Contracts   |
| 10                           | Accounting for Government Grants  | <i>IAS 20 except for (b)</i>             | Accounting for Government Grant and Disclosure of Government Assistance                |
| 11                           | Accounting for Fixed Tangible Assets  | <i>IAS 16</i>                            | Property, Plant and Equipment  |
| 12                           | Related Party Disclosures   | <i>IAS 24</i>                            | Related Party Disclosures  |
| 13                           | Accounting for Borrowing Costs  | <i>IAS 23</i>                            | Borrowing Costs  |
| 14                           | Presentation of Current Assets and Current Liabilities                          | <i>IAS 1</i>                             | Presentation of Financial Statements   |
| 15                           | Accounting for Investments  | <i>IAS 25</i>                            | Accounting for Investments   |
| 16                           | Foreign Currency Exchange   | <i>IAS 21 except for (c)</i>             | The Effects of Changes in Foreign Exchange   |
| 17                           | Accounting for Intangible Assets  | <i>IAS 38</i>                            | Intangible Assets  |
| 18                           | Consolidated Financial Statement and Accounting for Investments in Subsidiaries | <i>IAS 27 except for (d)</i>             | Consolidated Financial Statement and Accounting for Investments in Subsidiaries        |
| 19                           | Business Combination  | <i>IAS 22</i>                            | Business Combination   |
| 20                           | Accounting for Investments in Associates  | <i>IAS 28 except for (e)</i>             | Accounting for Investments in Associates   |
| 21                           | Accounting for Leases   | <i>IAS 17</i>                            | Leases   |
| 22                           | Interim Financial Reporting   | <i>IAS 34</i>                            | Interim Financial Reporting  |
| 23                           | Accounting for Joint Ventures   | <i>IAS 31</i>                            | Financial Reporting of Interest in Joint Ventures                                      |
| 24                           | Financial Reporting of Development- stage Enterprises                           | ---                                      | ---  |
| 25                           | Segment Reporting   | <i>IAS 1 except for (f)</i>              | Segment Reporting  |
| 26                           | Agriculture   | <i>IAS 41</i>                            | Agriculture  |
| 27                           | Retirement benefit plan   | <i>IAS 26</i>                            | Accounting & Reporting by Retirement Benefit plan                                      |
| 28                           | General Insurance   | <i>IFRS 4</i>                            | Insurance Contract   |
| 29                           | Real Estate   | -----                                    | -----  |
| 30                           | Earnings per share  | <i>IAS 33</i>                            | Earnings per share   |
| 31                           | Non-current assets held for sale  | <i>IFRS 5</i>                            | Non-current assets held for sale   |

## Iranian National Accounting Standards

| No | Title  |
|----|--|
| 1  | Presentation of financial statements   |
| 2  | Cash flow statements   |
| 3  | Revenue  |
| 4  | Accounting for contingencies   |
| 5  | Events after the balance sheet date  |
| 6  | Reporting financial performance  |
| 7  | Research and development cost  |
| 8  | Inventories  |
| 9  | Construction contracts   |
| 10 | Accounting for government grants   |
| 11 | Tangible fixed assets  |
| 12 | Related party disclosures  |
| 13 | Borrowing costs  |
| 14 | Presentation of current assets & current liabilities                             |
| 15 | Accounting for investments   |
| 16 | Foreign Exchange Translation   |
| 17 | Intangible Assets  |
| 18 | Consolidated financial statements and accounting for investments in subsidiaries |
| 19 | Business combinations  |
| 20 | Accounting for investments in associates   |
| 21 | Leases   |
| 22 | Interim financial reporting  |
| 23 | Financial reporting of interests in Joint Ventures                               |
| 24 | Financial reporting by development stage enterprises                             |
| 25 | Segment reporting  |
| 26 | Agriculture  |
| 27 | Retirement benefit plan  |
| 28 | General Insurance  |
| 29 | Real Estate  |
| 30 | Earning per share  |
| 31 | Non-current assets held for sale   |

**Iran, IAS, UK, and US GAAP Comparison:  
Consolidated Financial Statements**

| Subject  |  | IAS                                      | UK  | US   |
|--|--|--|---|--|
| Accompanying Parent's Separate Financial Statements with consolidated financial statements | Mandatory  | Not required                             | Comparable to IAS   | Comparable to IAS                                  |
| The main criterion of subsidiary definition  | Control  | Comparable to Iran                       | Comparable to Iran  | Control through majority of voting shares          |
| Exempt subsidiaries  | Subsidiaries under temporary control or server long term restriction | Comparable to Iran                       | Subsidiaries with dissimilar activities are also excluded | Comparable to Iran                                 |
| Measurement of minority interest in net assets   | Based on carrying amounts  | Based on carrying amounts or fair values | Based on fair values                                      | Comparable to Iran                                 |
| Presentation of minority interests in balance sheet  | Should be included in equity   | Not specified                            | Not specified   | Should be presented between liabilities and equity |
| Elimination of intra-group balances and transactions                                       | Complete elimination   | Comparable to Iran                       | Comparable to Iran  | Comparable to Iran                                 |
| Assigning unrealized gains and losses to minority  | Not specified  | Comparable to Iran                       | Mandatory   | Allowable  |
| Goodwill amortization  | Amortized  | Comparable to Iran                       | Comparable to Iran  | Not amortized                                      |
| Allowable difference between reporting dates   | Three months   | Comparable to Iran                       | Comparable to Iran  | Comparable to Iran                                 |

