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Regulation of the Branches of Foreign Companies Law

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قانون نظام فروع الشركات الأجنبية

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In accordance with provision of item (Third) of Article (80) of the constitution, the following regulation has been issued:

Regulation of the Branches of Foreign Companies

No. (2) Of 2017

Article 1

For the purpose of this law, the following terms shall have the opposite meanings:

First: Minister: Minister of trade

Second: Register: The register of the companies

Third: Foreign company: The Company that established outside Iraq according to foreign law.

Fourth: Registration license: The document register of the company that issued by the register of the companies, and he/ she announces the registration of the branch of foreign companies in Iraq .

The branch: The legal entity that represents the foreign company in Iraq.

Article 2

Any foreign company wishing to engage in commercial activity in Iraq has been established for two years may open a branch in Iraq after submitting the following documents, translated into Arabic copy and certificated by the competent authority in the country of the incorporation of the company, to the register:

First: An application form for license prepared by the register.



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Second: The foreign company's Memorandum of Association and the articles of Association or their replacement in accordance with the law.

Third: Valid certificate of registration (incorporation) for the foreign company or its replacement.

Fourth: A name list of members of the board of directors of the foreign company, their nationalities and the persons authorized by them.

Fifth: Authorizing document of the director in charge of managing the branch in Iraq and who is actually resident in it.

Sixth: Authorization document of the person responsible for presenting the application to open a branch in Iraq.

Seventh: The final account for the last financial year of the foreign company .

Eighth: A pledge prepared by register.

Ninth: Any other documents concerning the work of the company requested by the register.

Article 3

First: The register shall make the decision to approve or reject the foreign company's request within (30) thirty work days from the date of application provided that the application meet the requirements stipulated in article (2) of this regulation, otherwise the application shall be considered accepted, in case of rejection, it must be reasoned.

Second: The foreign company may object the decision of rejection.

Third: The person authorized to registration of the branch in Iraq shall publish the consent decision of the branch registration within (15) work days from the



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date of its issuing, in local newspaper for once after paying the legal fees; otherwise the decision shall be considered invalid.

Fourth: The decision of approval shall be published in the Internal Bulletin

Fifth: The register shall publish the registration license within (7) seven work days from the date of last publishing.

Article 4

The registration license shall not be considered as a permission of practicing.

Article 5

First: The branch shall be committed to present the following to the register:

- a. An official document shows the full address of the branch in Iraq certified by the competent authorities.
- b. A certificate of a current account in one of licensed banks in Iraq.
- c. A business license from the competent sectorial authority for activities required that.

Second: The licensee branch may not practice any commercial activities without completion of the documents referred to in item (firstly) of this article.

Third: the branch shall be abided to:

- a. Writing its full name as written in the registration license and the center of management in Iraq in Arabic language clearly on all its papers and documents, the using of foreign language is permitted as an addendum.
- b. Keeping the regular accounting records in Arabic language for all activities in Iraq according to the accounting system and related laws.



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Article 6

The branch shall be engaged to the commercial activities in one of the following:

First: Contracting with one of the Iraqi governmental authorities and both public and mixed sectors companies.

Second: Obtaining an investment license according to the Iraqi valid laws.

Third: Obtaining work permit by one of the legally authorized Iraqi bodies .

Fourthly: Working with Iraqi private sector, provided that the contract amount or the project value is not less than (1,000,000) American dollars .

Article 7

First: The branch shall be run by a manager or his/ her representative in case of his absence according to an authorization by the foreign company, provided that he is an Iraqi resident .

Second: If the manager or his representative if the director has been changed, the register shall be informed within (30) work days from the date of the approval of the documents by the Iraqi consulate in the foreign company state.

First: The accounts and activities of the branch shall be checked by a legal controller licentiate in Iraq.

Second: The branch shall present the checked final account annually and report of activities in Iraq to the register during the eight months following the end of that year.



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Article 9

The register may request any documents or information considers important to be submitted to facilitate the implementation of the provisions of this system.

Article 10

The register may choose one or more experienced and competent inspector or more to inspect the activities of the branch in case of any required, the branch must present all facilities to the inspector to perform his/ her work.

Article 11

First: The register shall eliminate the registration license and write off the branch from records by reasoned decision in case of the following:

- a. If the branch does not engage in any commercial activities according to article (6) of this regulation after (four) years from the date of the practicing last commercial activity.
- b. If the registrar does not review the submission of the final accounts and documents required for (2) two consecutive years after issuing the registration license without a legitimate excuse.
- c. If it proves that false documents or inaccurate and misleading information have been provided.
- d. If it proves that the branch is engaged in an activity that violates the Iraqi legislation or acts that affect the security of the country.

Second: The foreign company may object the decision of the register of cancel the registration and writing off the branch from records before competent court according to the law.



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Third: The register shall publish the writing off decision in the internal bulletin and daily newspaper for once after the decision has reached the grade of the bits or the expiry of appeal.

Article 12

First: The foreign company shall present a request of liquidating the branch of Iraq to the register within (60) sixty work days from the date of the approval of the following documents by the Iraqi consulate in the country of the establishment of the company.

- a. Bankruptcy of the company
- b. Losing the legal personality after merging with another company.
- c. The will of liquidating the branch and terminating its work in Iraq.

Second: The foreign company shall appoint liquidator or more to follow up the liquidating procedures.

Third: The liquidating decision shall be issued within (15) fifteen work days from the date of the submitting of liquidating request by the register.

Fourth: The register shall publish the liquidating decision in two local newspapers once and approach the Iraqi related authorities within (7) seven work days from the date of issuing the liquidating decision.

Fifth: The branch shall finish the works of liquidating and present the final accounts within (2) two years from the date of the issuing the liquidating decision.

Sixth: The register shall issue the decision of writing off from records within (7) work days from the date of the ending of liquidating procedures.

Seventh: The register shall abolish the registration license and write off the branch, if the branch does not complete the procedures of liquidating within the indicated time stipulated in item (Fifthly) of this article.



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Eighth: In case of cancellation of the registration license and writing off the company branch, the foreign company will bear the legal and financial obligations incurred by its branch while in Iraq.

Ninth: The writing off decision shall be published by the register in his local bulletin and he/ she shall inform the related authorities .

Article 13

First: The foreign company shall be obligated to present a report to the register when it starts any commercial activities in Iraq according to the activity form prepared for this.

Article 14

First: The foreign company shall be prohibited from practicing any commercial activities or opening an headquarters in Iraq if the licensed registration is not granted in accordance with the provisions of this law.

Second: To branches and offices of foreign companies currently in Iraq, registered or not, must adapt their legal status to the provisions of this regulation within a year from the date of its entry into force.

Article 15

The penalties and provision stipulated in law of companies no.(21) of 1997 shall be applied on the branches.

Article 16

The regulation of branches and representation offices of foreign companies and economic institutions No. (5) Of 1989 shall be repealed.



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Article 17

This regulation shall be valid from the date of its publication in the Official Gazette.