Draft Income Tax Law, Hut 1394

Income Tax Law

CHAPTER ONE
GENERAL PROVISIONS

<u>Basis</u>

Article 1:

1. This Law has been enacted under the authority of Article (42) of the Constitution of Afghanistan for the purpose of tax determination and its payment.

2. Tax is a compulsory payment collected from natural and legal persons in accordance with the provisions of this Law to strengthen the financial foundation of the State and public welfare without offering services or goods in return.

3. Taxes of any type withheld or collected by any governmental or non-governmental agencies in accordance with the provisions of this Law shall be paid to the specific government's bank account (Ministry of Finance).

<u>Definitions</u>

Article 2:

1. The following terms in this Law shall provide concepts as below:

"Hotel and Guest House" means the provision of bedroom and offering services (like meals, beverages, laundry, and telecommunication services) to persons who temporarily stay as a traveller.

"Restaurant" means the provision of food or beverages by an establishment where facilities for immediate food serving are available to customers, or catering prepared food, or sale of cooked foods, which have been prepared on restaurant's compound.

"Telecommunication Services" means the provision of any type of telephonic, Internet and fax services.

"Airline Services" means passenger carrying services or cargo of which the origin is Afghanistan.

"Hydrocarbons Contract" means a minerals exploration contract or services contract set forth by any Hydrocarbon-related Law being implemented in Afghanistan. Hydrocarbons consist of petroleum and gas and their by-products.

"Minerals Exploration Contract" means a written agreement entered into force between the government and a legal person, as described in the Minerals Law published in 1393 or to be feasibly described in another Law applicable to minerals development.

"Mining License" means a license which has been described in the Minerals Law published in 1393 or will feasibly be described in any another law applicable to issuance of mining license.

"Holder of Mining License, Contract and Permit and/or Hydrocarbons Contract ["HMLCPHC"]" means a taxpayer who holds a mining license or minerals exploration contract and/or is one of the parties to a Hydrocarbon contract.

"Asset of Mining License Holder" shall be the following:

1. Having a useful life of more than twelve months;
2. Having been purchased or constructed for the purpose of direct use in the activities stated in the mining license, minerals exploration contract and/or Hydrocarbon contract.

"Pre-Production Costs" means the expenditures assumed by a HMLCPHC before producing commercial minerals within the period of activity related to mining license and permit. Nevertheless, the pre-production costs shall not include the costs to gain asset by the HMLCPH or costs for building road.

"Afghan Revenue Sources" means any revenue generated by a person by doing business or economic activity carried out in Afghanistan or other revenue of any type which in accordance with this Law are considered as Afghan revenue sources.

"Non-Afghan Revenue Sources" means the revenues acquired by persons in Afghanistan from sources of other countries.

"Taxable Revenue" means the total amounts received by natural and legal persons, which after offsetting exemptions and the deductions set forth in this Law, shall be subject to income tax.

"Deductions" means the expenses of producing, gaining and preserving revenues, provided that such expenses have been spent to get taxable incomes and any other amounts deemed as allowable deduction in accordance with the provisions of this Law.

"Tax Loss" means the amount exceeding the revenue after applying the deductions prescribed in this Law.

"Dividend" means any distribution of profit by corporation or LLC in money or in property and any other benefit distributed to shareholders including below:

1. Any tangible and intangible assets;
2. Stocks;
3. Discount for sale of any asset to shareholders in a lower than the market rate;
4. Loans to shareholders; and
5. Utilization of any asset.

"Partnership" means association of two or more than two persons agreeing on a partnership to do business and to distribute gain and loss among themselves**.**

"Partner" means a person who is involved in a partnership.

"Partnership Agreement" means an aggregate rule on which the partners agreed and by which administering their partnership.

"Partnership Company" means a company for which each partner is individually or collectively obliged to pay all the debts and loans owed.

“Joint-Stock Partnership” means a company in which one or several shareholders have partnership-based and unlimited liability for debts and loans of the company and rest of the shareholders have liability limited to their shares in the company.

“Limited Liability Company” means a business company whose capital is not divided into shares with the responsibility of each shareholder limited to the amount of capital agreed to [by such shareholder] in the company.

“Corporation” is a business company whose capital is definite and divided into shares, with the share and responsibility of each shareholder limited to the proportion of his share.

Permanent headquarter shall be:

1. A fixed location whereby a person’s activity is entirely or partially carried out including (i.e. head office of organization, branch, office, factory, workshop, mine, petroleum and gas well, quarry and/or any other location where natural resources are extracted);

2. The area of a building, construction, facility; packing area or relevant supervisory activities, only if such area, project or activities continue for more than 6 months;

3. Services including consulting services offered by a person through employees or other workers whom have been employed by, only when such services (for the same project or subsidiary project) continue for more than 6 months within a period of 12 months.

“Technical Services Fee” means any type of payments for any kind of administrative, technical or consultancy services but shall not include the payment of salary, wage to a payer employee.

“Royalty” means any kind of payment to a person to use or owning copyright to any publication, literary, artistic and/or scientific activities, cinematic movies, films or disks for the use of radios and TVs, patent, trade mark, scheme and designing, planning, formula or confidential process for personal use or the right to use, industrial, commercial, scientific or information related to industrial commercial and/or scientific practices.

“Economic Activity” means an activity to obtain revenue, profit and rights, including offering professional services and leasing to any asset. The activity of natural persons for salary and wage, charitable activity, public services by the governmental agencies are excluded from this definition.

“Commercial Activity” means offering and leasing goods, renting properties to or rendering services for consideration.

“Charitable Activity” means an activity performed by a not -for-profit organization, including providing material or other assistance of any type, including financial assistance to needy people or to the institutions which provide such assistance directly, or educational, cultural, literary and scientific or any other activities for the public interest.

“Intangible Property” means any kind of license, patent right, invention, design or model, secret process or formula, trade mark, copyright or the right to enter into a contract with a privilege or benefit for more than one year excluding the costs to acquire any kind of tangible or intangible property.

“Reduced Value” means the value of a depreciable asset based on this law minus allowable deductions for depreciation of the tangible and intangible asset.

"Commodity" means any type of goods or material produced, processed or purchased in order for selling or exchanging to gain profit materials, which shall include any kind of consumable materials or equipment in production and livestock process.

"Overseas Tax" means paid income tax on account of revenues or tax withheld from revenues to a foreign country but shall never include any penalty, additional tax, or interest related to foreign income tax.

"Sustainable Objects" means machineries, equipment, electrical appliances, water supply, furniture, expenditures spend for fixtures or upkeep of the items stated.

"Depreciable Asset" means any kind of movable and immovable asset of taxpayer including structural changes, lasting for more than one year, being used entirely or partially in economic activities but shall not include land or artistic works.

"Natural Person" means any person whose personality starts with being fully born alive and ends with death.

"Legal Person" is a spiritual character possessing legal capacity and are establishes for specific goals as organization, company or association.

"Salary and Wage" means any kind of payment or benefit given to an employee as a privilege for offering services.

"Business Receipt Tax" is a tax levied on total revenues (sales) before applying deduction on account of procuring goods and services in accordance with this Law.

"Activity License" is a license issued by governmental departments, which allow the holders to execute economic activity in Afghanistan.

2. The terms which have not been defined in his Law and if have been defined in other Tax Laws, shall imply the same meanings herein as well.

<u>**Receiving Tax**</u>

Article 3:

1. The natural and legal persons are obliged to pay the tax as following based on the provisions of this Law:

    1. Resident persons: from overall income (income from both Afghan and Non-Afghan sources);

    2. Non-resident persons: Only from Afghan revenue sources.

2. The natural and legal persons meeting the following are called resident of Afghanistan:

    1. Where the main residence of the person is inside the country over the fiscal year.

    2. Where the person stayed inside Afghanistan for a total of (183) days over a fiscal year.

    3. The employees who are dispatched to outside of Afghanistan to do governmental mission over a fiscal year.

    4. The offices are established during a fiscal year or their main office is inside Afghanistan.

Tax Assessment

Article 4:

1. The income tax of legal persons shall be 20 percent of taxable income for the tax year. The income tax shall be assessed and exchange to Afghani currency.

2. The exchange rate shall be the average of open rates determined by Da Afghanistan Bank on the basis of buy rate at the end of each month. The income tax of natural persons are calculating as below chart:

Taxable Income	Tax amount
From 0 to AFN 5,000	0%
From AFN 5,001 to AFN 12,500	2%
From AFN 12,501 to AFN 100,000	10% + AFN 150 fixed amount
From more than AFN 100,001	20% + AFN 8,900 fixed amount

Offsetting of Overseas Tax:

Article 5:

1. If a resident person has taxable income in Afghanistan from Non-Afghan Sources and has paid the overseas tax for it, this person can offset the overseas tax against income tax of that revenue levied in Afghanistan.

2. The amount of tax offset provided in article 5 (1) shall not exceed the tax amount levied in Afghanistan for that revenue.

Non-Residents Tax Exemptions

Article 6:

The non-resident persons are exempt from income tax imposed by paragraph 3 of Article 4 provided that the foreign country grants a similar exemption to the non-resident Afghans in that country.

Non-Resident Persons' Economic Activities

Article 7:

1. Non-resident natural and legal persons doing economic activities in Afghanistan through permanent headquarters shall be subject to tax payment for their income related to the permanent headquarters.

2. The economic activities' income deemed linked or connected to permanent resident only in case they have been obtained through permanent resident or similar activities of permanent resident.

3. In order to determine taxable income, the non-resident person who is doing economic activities in Afghanistan through permanent headquarters, the mentioned person shall be deemed as a separate legal person.

4. If the deduction for income tax assessment based on this Law if related to permanent headquarters of enterprise shall be offset-able. The amounts withheld or paid to the main office or other branches of enterprise owned by non-resident person as interest, royalties, commission or service fee, shall not be offset-able.

Non-Resident Persons' Tax on other Income

Article 8:

1. Non-resident natural and legal persons are subjected to the income tax law, provided that they obtain revenue from Afghan sources set forth in this Article.

2. The following revenues are deemed Afghanistan revenue sources:

    1. Interest or loan fee, technical service fee, royalty, awards, draw and bonuses paid by a resident person or to be related to permanent headquarters' activities;

    2. The dividends paid or deemed to be paid by a resident corporation or limited liability company.

    3. Rent of movable and immovable properties located in Afghanistan;

    4. The profit of selling movable and immovable properties located in Afghanistan;

    5. Premium including re-insurance provided that the insurance policy cover the happening risk in Afghanistan;

    6. Salary or wage on account of performing duties in Afghanistan;

    7. Other revenue that is deemed to be Afghanistan source revenue by other provisions of this Law.

Tax on Branch Profit

Article 9:

1. A non-resident person who is subject to income tax based on Article (7) of this Law shall be obliged to withhold the tax of the branch's net profit too.

2. The withholding tax provided in the Sub-Article 1 of this Article deemed as dividends and will be withheld while the transferring the branch profit to outside Afghanistan.

3. The amount subject to withholding tax, for the purpose of this Article, shall be deemed net profit that remains after calculating of the income tax.

Activities Exempt from Tax

Article 10:

1. The activities of a not-for-profit organization are exempt from tax provided that to meet the following terms and conditions:

1. Has been established according to Afghanistan Laws;

2. To be established for and doing charitable activities;

3. The donors, shareholders, members or relevant employees shall not utilize the profit provided for in clauses (1) and (2) of this sub-article during activity or dissolution. Proportionate payment for providing services and procuring goods are excluded from this provision;

4. Any kind of economic activities of an organization related to charitable activity, being performed within the organization's scope and its revenue shall not be more than 5% of the total receipts of the organization.

2. The assistances and revenues earned by the organization mentioned in clause (1) of this Article, being used to support charitable activity, shall be exempt from the tax.

Tax Exemption of Governmental Organizations

Article 11:

The revenue of the governmental organizations and their subsidiaries including the municipalities shall not be subject to tax. The stat-owned enterprises are excluded from this provision.

CHAPTER TWO
DETERMINATION OF TAXABLE INCOME

Revenues Subject to Tax

Article 12

1. The following revenues are subject to profit tax:

   1. Salaries, wages, fees and commissions;

   2. All receipts derived from business, industrial, constructing and other economic activities;

   3. Interest, dividends, rents, royalties, rewards, prizes, draws, bonus payments;

   4. Receipts from sale or exchange of movable and immovable property;

   5. Portion of partner from partnership revenue;

   6. Any other revenue or non-monetary profit from labor, capital, or economic activity;

   7. Any other amount or profit deemed as receipts subject to tax by other provisions of this Law.

2. Where a person re-receives the unobtainable costs, losses or loans partly or entirely after offsetting, the amount received would be deemed revenue.

Tax Exempt Revenues

Article 13:

The following receipts are not taxable and shall not be included in the annual tax return:

1. Gifts, bonuses, and grants (excluding grants to economic activities) from and by the Government of Afghanistan;

2. Gifts, bonuses, and grants from foreign governments, international organizations, or not-for-profit organizations awarded for charitable activities;

3. All scholarships, fellowships, and other grants for training or building the scientific, technical and professional capacities;

4. Health, accident, and unemployment insurance benefits;

5. Life insurance paid on death;

6. Compensation or damages for injury, sickness or vindication;

7. Proceeds of Borrowing or receiving the principal loan paid to debtor;

8. Proceeds of issuing stocks and bonds by companies;

9. Acquisition of assets through merging domestic corporations and other legal persons;

10. Acquisition of movable or immovable property through expropriating property of debtors by creditors;

11. Revenues earned from price of food stuff, combustible materials and goods which are used or can be put to use by the producer or his/her family members;

12. Pensions paid by the government;

13. Revenue earned from selling or transferring the property inherited;

14. Revenues earned from activity of airplanes and their crews, operating in the territory of Afghanistan under the flag of a foreign country shall be exempt from tax, provided that the foreign country within which airplanes and their crews operating under the flag of Afghanistan are granted the same exemption;

15. Any other revenues exempt from tax in compliance with the provisions of this Law, other tax laws or effective international agreements.

Taxes on Rent or Lease of Immovable Properties

Article 14:

Revenue arising from rent or lease of immovable property used for commercial, industrial, dwelling or other economic purposes shall be subject to income tax. Taxation of agricultural lands, horticulture, and livestock together with their revenues would be subject to a specific law.

Costs and Deductions

Article 15:

1. Offsetting the following expenditures and deductions is allowable, provided that to be performed within the fiscal year:

    1. All usual and necessary costs to production, acquiring and preserving revenues from taxable economic activities;

    2. Such repairs and maintenance costs as are necessary and utilized in the economic activities:

    3. Depreciation costs of depreciable assets in accordance with the provisions of this Law, which are necessary or used for the economic activity;

    4. Depreciation costs of intangible assets in accordance with the provisions of this Law;

    5. Damages to moveable or immoveable property arising from force majeure, provide such damages are proved by authenticated documents and are not compensated by any insurance companies or any other persons;

    6. Unrecoverable loans in accordance with this Law;

    7. Tax loss in accordance with this Law;

    8. Payable business receipt tax;

    9. Any other reimbursable amounts in accordance with the provisions of this Law.

2. Reimbursable costs of merchandise shall be determined by the provisions of this Law.

Non-Deductible Costs

Article 16:

1. Deducting and withholding of personal costs including the following items shall not be allowable and shall not be reimbursable:

    1. Salary and wages or any other expenditures made for services provided to taxpayer or his/her family outside of economic activity;

    2. Costs of maintenance, repair, upkeep, floorings and other costs on land or residential place of the taxpayer's family or any other property or possessions allocated to utilization of taxpayer and/or his/her family;

    3. Stamp duty on personal debt or used for personal purposes;

    4. Cost of commuting to or from workplace and travel cost for personal purposes;

    5. Costs of life insurance, accident, health, and insurance against third party's claim for the purpose of protecting the taxpayer and his/her family;

    6. Cost of insurance of any type to safeguard property and possessions used for personal purposes.

2. Deducting and withholding of costs for the followings are not allowable and shall not be reimbursable:

    1. Cost price of land, buildings, durable objects and cost of fixtures unless otherwise foreseen in this Law;

    2. Increase of contingent reserve fund, reserve funds for the purpose of unrecoverable debt and so forth;

    3. Taxes paid to foreign governments by non-resident persons who obtain revenue from domestic resource of Afghanistan unless otherwise a treaty existed in this respect;

    4. Additional tax or withheld penalties in accordance with this Law;

    5. Costs and loss on account of selling or transferring the assets mentioned in the Article (22) pertaining to inheritance;

    6. Other costs contrary to provisions of this Law.

Deduction of Unrecoverable Debt

Article 17:

1. Unrecoverable debts as deduction shall be reimbursable after having met the following requirements:

    1. Amount of debt has already been included in taxable revenues;

    2. Debt has been written of the accounts of taxpayers during the fiscal year;

    3. Such evidence is to show debt will not be received or available with the taxpayer;

    4. The provision of sub-article (1) of this Article shall not apply to companies provided for in the chapter eight of this Law.

Depreciation of Tangible and Intangible Assets

Article 18:

1. Annual depreciation of tangible and intangible assets shall be determined and reimbursed in accordance with the norm of this Article.

2. Where an asset is partially used for economic activity and partially for other purposes within the same fiscal year, the depreciation of such asset shall be determined and reimbursed in proportion to the economic activity.

3. Reduced value of an asset at the beginning of a fiscal year shall be the price of the asset minus depreciation mentioned in the sub-article (1) of this Article in previous years.

4. Aggregate deductions provided for under sub-article (1) of this Article on account of an asset's depreciation shall not exceed the total cost price of the said asset.

5. Depreciation norm of depreciable assets are as bellow:

Categories of Assets	Norm
Buildings and constructions concreted and built of stone and bake brick	5%
Non-concreted and wood-made buildings and constructions, air transportation, railway transportation, pipelines, power lines and pylons, telecommunication antennas, and ships	10%
All motorized vehicles, industrial, production machinery and equipment, mining-related equipment, devices, furniture, floorings	20%
Computer, printing and communication appliances, photocopiers, other electric tools, electronic equipment, bicycle and livestock	25%
Other depreciable assets not being mentioned above	10%

6. Depreciation of intangible assets shall be reimbursed as below:

    1. Intangible assets with the useful life of more ten years (10%).

    2. Intangible assets with the useful life of less than twenty-five years (25%).

7. Reimbursement of depreciation shall commence in the year in which the asset has been received.

8. Special provisions relating to depreciation of assets of the HMLCPHC have been stipulated in chapter twelve of this Law.

CHAPTER THREE
PROFIT OF LOSS RESULTING FROM SALE, EXCHANGE AND TRANSFERENCE OF ASSET

<u>Sale or Transference of Depreciable Tangible and Intangible Assets</u>

Article 19:

1. In the event that a person sells or transfers his/her depreciable tangible and intangible asset during a fiscal year, shall not be entitled to reimbursement for the depreciation of the said asset for the same year.

2. Where the price received from sale or transference of depreciable tangible and intangible asset at the beginning of a fiscal year goes beyond the reduced value thereof, shall be deemed as additional revenue resulting from the economic activity and shall be included in the revenue of that year.

3. Where the price received from sale or transference of depreciable tangible and intangible asset at the beginning of a fiscal year would be less than the reduced value thereof, the difference thereof shall be reimbursable in that year.

Sale or Transference of Other Assets

Article 20:

1. Profit resulting from sale or transference of assets of any type that are not subject to provision of Article (19) shall be deemed revenue provided that the asset has been kept or used for the purposes of economic activity.

2. Loss resulting from sale and transference of assets of any type that are not subject to provision of Article (19) shall be reimbursable provided that the asset has been kept or used for the purposes of economic activity.

Revenue of Sale and Transference of Asset

Article 21:

1. While determining the profit or loss provided for in this chapter, the sale costs including commission, advertisement and other costs of transference of the asset shall be deducted from gross revenue of sale or transference of the asset.

2. Where the asset is sold or transferred without payment of fund or below the current market rate, revenue of the said asset shall be determined on the basis of the current market rate.

Tax on Sale of Moveable and Immoveable Asset

Article 22:

1. Sale or transference of moveable or immoveable asset by a person shall be subject to one percent tax at the time of transferring the ownership of the said asset.

2. The tax paid pursuant to sub-article (1) of this Article shall be reimbursable against the annual income tax of the person.

CHAPTER FOUR
COMPANIES

Provisions Applicable to Limited Liability and Joint-Stock Companies

Article 23:

1. Limited liability companies shall be subject to the provisions of this Law applicable to corporations. For the purposes of this Law, partners or shareholders of such company and in the dividend thereof shall be deemed dividends.

2. Joint-Stock companies shall be subject to the provisions of this Law applicable to partnerships.

Taxes on Partnership Companies

Article 24:

Partnerships as legal person shall not be subject to income tax levied in this Law. Partners as natural persons shall individually be subject to income tax.

The revenue of a partnership company shall be subject to income tax as individual revenue of the partners each one of who shall be required to include his/her portion from the revenue of company.

Determining Net Revenue of Partnership

Article 25:

A partnership is obliged to annually report on all receipts, costs and relevant payments and determine its net revenue individually. The partnership shall be obliged to separately report on share of each of the partners in the following:

1. Net profit or net loss;
2. Profit or loss from sale and exchange of moveable and immoveable assets and possessions;
3. Salary and wages, stamp duty, dividend, advance payment and so forth.

Distribution of Receipts Earned by Partnership

Article 26:

The amounts earned, costs and net profit of partnership shall be deemed as to have been distributed by the partners in accordance with provisions provided for in the relevant Articles of Incorporation.

CHAPTER FIVE
ACCOUNTING RULES

Preparing of Books and Documents

Article 27:

1. All persons subject to tax including small enterprises and non-governmental organizations are obliged to arrange and keep documents for revenue obtained and to record any other transactions which in accordance with this Law are treated as revenues.
2. All persons in order to be reimbursed for allowable expenditures in accordance with the provisions of this Law shall keep their supporting documents.
3. All legal persons being subject to income tax provided for in the Article (4) of this Law shall be obliged to submit the statement of their profit and loss and balance sheet in accordance with the acceptable standards of accounting.

Accounting Accrual Method

Article 28:

Corporations and limited liability companies are obliged to identify their revenues using accounting carryover method in which revenues and costs are considered payable.

Accounting Cash Method

Article 29:

1. A natural person is obliged to determine his/her taxable revenue using the cash accounting method (when revenues and costs are paid).

2. A person mentioned in sub-article (1) of this Article may, in agreement of the Ministry of Finance, also determine the carryover method for determining his/her taxable revenue.

Stock-in-Trade

Article 30:

1. Such stock-in-trade as is used in the economic activity shall be inventoried in each fiscal year in the valuation thereof shall take place on the basis of their cost prices or the current market rate (whichever is lower);

2. Reimbursement of the cost of stock-in-trade sold in a fiscal year plus value of inventory at the beginning of the year plus purchases during the said year and minus value of the inventory of the merchandize shall be determined at the end of year.

Determining of Taxable Revenues of Two or More Commercial Organizations

Article 31:

In the event that two or more commercial organizations or economic activity are either directly or indirectly owned by the same natural or legal persons or controlled by them, the Ministry of Finance may in order to ascertain the taxable revenue and prevent evasion therefrom, shall divide and distribute the amounts earned, deductions, credits and reimbursements among them.

CHAPTER SIX
SPECIAL PROVISIONS CONCERNING CORPORATIONS AND LIMITED LIABILITY COMPANIES

Deduction of Tax Loss

Article 32:

1. Where a corporation or limited liability company sustain tax losses during a fiscal year in accordance with the Income Tax Law, such loss shall be deductible from his/her taxable revenues in the succeeding year.

2. Where the loss mentioned in sub-article (1) of this Article in a fiscal year cannot get fully reimbursed, the un-reimbursed amount shall be carried over to the succeeding years and be deductible from taxable revenue. Nevertheless, no tax loss may be carried over to more than five years as of the fiscal year in which the loss occurred.

3. In the event that the organizations mentioned in sub-article (1) of this Article resident in the country, doing business to achieve revenue from foreign sources, the organizations shall separately specify its taxable revenue or tax loss from the overseas sources according to this Law. Tax loss incurred by revenue producing activity outside of Afghanistan shall be deductible and transferred from the overseas revenue source. The loss stated shall not be deductible from taxable revenue for which the revenue source is inside Afghanistan.

4. The provisions of this Article shall also apply to partnership companies and natural persons doing business excluding the persons who are subject to fixed tax set forth in the chapter eleven of this Law.

Distribution of Company's Assets to Shareholders

Article 33:

Distributing assets of a corporation or a LLC shall imply decrease in cost price of share or decrease in its capital. Paying dividends and shares while dissolution shall be an exception to this rule.

Distribution of Assets Upon Dissolution of a Company

Article 34:

Distributing the assets at the time of dissolving a corporation or LLC to the shareholders in compliance with the provision of chapter three of this Law shall be considered as sale fund or exchange of assets.

Amount or other assets distributed on the basis or current market rate minus the cost price of the shareholder's stock or the amount of capital (which would be distributed) shall constitute the shareholder's revenue subject to tax. Distribution of assets of corporation or LLC in case of partial or entire dissolution shall not be deemed as profit or loss of the company.

Tax Incentive for Specific New Investments

Article 35:

1. This article is applicable to the corporations and limited liability companies for new investments in Afghanistan from the date of enforcement of this law.

    1. New assets utilized for production;

    2. Buildings/structures.

2. Accounting method for depreciation of assets provided in sub-article (1) of this article shall be done according to the article (18).

3. Loss resulting from depreciation of assets provided in sub-article (1) of this article can be transferred to the succeeding years until overall compensation. Provision of this sub-article shall be an exception to article (32).

CHAPTER 7
TAXATION OF INSURANCE COMPANIES

Provisions Applicable to Insurance Companies

Article 36:

Provisions of Articles of this Chapter shall apply to insurance companies provided that they meet the following conditions:

1. It has been established as a corporation under the laws of Afghanistan;
2. The company is engaged in more than one field of insurance, such as casualty-risk insurance, life insurance, or any other type of insurance activity;
3. The company must have separate accounting and reserves for each of its fields of insurance and other activities.

Taxable Income of Insurance Companies

Article 37:

The following revenues of insurance companies shall be subject to income tax:

1. Stamp duty, dividends, rent, and such other revenues is accrue to investments and property;
2. Revenues from activities other than insurance;
3. Premiums for insurance against fire, theft, accident, sickness, damages or loss, the insurance of which is for a specified term, and the insured person may not claim for money upon the expiry date; and
4. Revenues from capital transactions

Tax Exemption of Certain Insurance Policy Holders

Article 38:

All insurance premiums received for written contracts that require ultimate payment of specified benefits to the policyholder or their beneficiaries are exempt from income tax.

Non-Deductible Payments of Insurance Companies

Article 39:

The following expenses and payments made in connection with insurance for which premium income is tax exempt under Article 38 of this law shall not be reimbursable:

1. Commission and other costs of writing insurance; and

2. Payments of insurance benefits to the policyholders or their beneficiaries.

Deductible Payments of Insurance Companies

Article 40:

1. The following expenses of and payments paid by insurance companies out of their revenues shall be reimbursable:

    1. Amounts paid (claims) on insurance for which premium is taxable;

    2. Commission and other expenses with respect to writing insurance for which premium is taxable;

    3. Reinsurance expenses incurred on insurance for which premium income is taxable;

    4. Increase in the reserves for compensation of claims, provided such reserves do not exceed 100 percent of premiums for transport insurance and 50 percent of insurance premiums for any other possible damage and accident received during the tax year;

    5. Increase in the operation loss reserves the premium of each income is taxable, provided such reserves do not exceed two-fold of the amount of invested capital for such field of insurance;

    6. Other necessary expenses of doing business as provided in Chapter (2) of this Law and expenses stated in Article 39 of this law shall be an exception to this rule.

2. Any transfer or payment from reserves provided for in sub-paragraphs (4) and (5) of sub-article 1 of this Article shall constitute taxable revenue in the relevant fiscal year. Transfer or payment resulting from claims or material damages or payment of dividends shall be an exception to this rule.

CHAPTER EIGHT
TAXATION OF BANKS, LOAN-PROVIDING CORPORATIONS

Additions to Reserves

Article 41:

1. Additions to reserves by banks, corporations providing loans against losses on outstanding loans shall be reimbursable only if such reserve does not exceed 25 percent of principal loans at the end of the fiscal year.

2. Any transfer or payment from such reserve (except in accordance with the purpose of the reserve) shall be taxable income in the year the transfer or payment was made.

Increase or Decrease in Value

Article 42:

An increase or decrease in value of share bonds, loans and similar items shall not be valid for the purposes of this Law until profit or loss through sale or exchange of the said asset has not been realized, such profit or loss shall be deemed profit or loss of the year in which the asset has been sold or exchanged.

CHAPTER NINE
WITHHOLDING OF TAXES FROM REVENUE SOURCES

Salary and Wage Withholding Tax

Article 43:

All natural or legal profit and non-profit persons, including government departments, enterprises and municipalities shall be obliged to withhold tax from the employees' salaries and wages as provided in Article 4 of this Law.

Withholding Tax on Payment in Afghanistan

Article 44:

1. The following withholding taxes shall be applicable on payments made to residents or having permanent headquarter in Afghanistan:

    1. 15 percent on Payments for rents of buildings and houses which are leased for business purposes or offices in Afghanistan and the monthly rent is AFN 10,000 or more;

    2. 15 percent of payments of dividends, or amount equivalent to dividend amount mentioned in article 9 of this law;

    3. 20 percent of payment of stamp duty, except stamp duty payment for bank license holders;

    4. 20 percent of payment of royalty, gifts, rewards, draw and bonuses.

    5. 2 percent from payment to business license and TIN holder and 7 percent from payment non-license and TIN holder on supply of goods, services or both, provided that the total payment to one person is AFN 500,000 or more during the fiscal year.

2. Withholding tax provided in this Article will be withheld on total amount upon payment.

3. Revenue payers shall be obligated for withholding the tax provided in this article.

4. Withholding tax provided in this article shall be deemed as advance payment by receiver of revenues and shall be offset against his/her annual income tax.

Non-Residents Withholding Tax

Article 45:

1. Following withholding taxes shall apply to payments made to non-residents that the payment is not related to the permanent headquarter in Afghanistan:

    1. 20 percent from interest, dividends, rents, royalties, technical services fees, gifts, rewards, draw bonuses and profit resulting from the sale of assets.

    2. 15 percent from payment of rent or lease of movable or immovable assets.

    3. 7 percent from payment of insurance premium.

2. Withholding taxes provided in this Article shall be withheld from the total amounts at the time of payment and shall be deemed as final tax.

3. Revenue payers shall be obliged to withhold the tax prescribed in this Article.

Tax and Transfer Payment Period

Article 46:

The Person who is responsible for withholding tax as provided for in Articles 43, 44, 45 of this Law shall be required to pay such taxes by the fifteenth day of the succeeding month into the specific bank account of the Ministry of Finance and submit the report of withheld tax along with bank deposit form for that period to the taxation office.

Preparing of Accounts

Article 47:

1. Employer shall be obligated to prepare the related employees' account statement of salary and wage tax individually and shall submit them to the Ministry of Finance, Tax Offices and its employees by the end of the first month of the succeeding fiscal year.

2. The employer mentioned in sub-article (1) of this article shall be obliged to submit the integrated report of annual tax withheld from the salaries and wages by the end of first month of the succeeding fiscal year to the ministry of finance.

Filing Tax Returns for Employees

Article 48:

1. By completing the following requirements the employees who receive income through salary and wages shall not be obligated to file the income tax returns:

    1. The employee does not have any other taxable incomes except the salary or wage of which taxes are withheld in a fiscal year according to the income tax rules provided in sub-article (3) of Article 4 of this Law.

   2. The employee who is not employed by more than one employer in a fiscal year.

2. Employees who have taxable income through salary or wages from more than one employer or have income from other sources, other than the salary or wage, shall be obliged to file their income tax returns within three months after the end of the fiscal year. The withheld tax amounts shall be deductible to the taxpayer.

CHAPTER TEN
BUSINESS RECEIPTS TAX

Business Receipts Tax on Goods and Services

Article 49:

The following persons shall be obliged to pay the Business receipts tax:

1. A legal person doing business activities;

2. A natural person having business activities, whose quarterly revenue/sales amounts to AFN 750,000 or more. The activities referred to in sub-articles 1 and 2 of Article 50 of this Law shall be subject to the business receipts tax without considering the specific limit in this provision.

Business Receipts Tax Norms

Article 50:

Business receipts tax shall be calculated by the following norms:

1. Ten percent from receipts received from telecommunication, clubs and halls where events are held, hotels and restaurants providing superior services;

2. Five percent from receipts received from hotels or guesthouses, restaurants and airlines.

3. Four percent from receipts received from other business activities.

Business Receipts Tax Exemptions

Article 51:

The following revenues shall be exempt from the business receipts tax:

1. Income received from interest;

2. Fees earned from currency exchange, operation of savings or other bank accounts, deposits and withdrawal transactions, issuance of cheques or letters of credit, internet banking, provision of mortgages or loans, and provision of lines of credit or other similar services;

3. Premiums from the provision of any insurance or re- insurance;

4. Receiving dividends by a shareholder from a corporation, limited liability company or in partnership with respect to partnership interest;

5. Revenues from exportation of goods;

6. Revenues from supply of goods outside of Afghanistan;

7. Revenues received from rent or lease of residential property to a natural person provided that the tenant uses the property for residential purpose;

8. Revenue from salary and wages;

9. Revenue from sale of property outside the ordinary course of business.

Business Receipts Tax on Imports

Article 52:

1. Persons who import goods shall be subject to four percent business receipts tax on the cost price of the imported goods including custom duty. This tax shall be collected in the Customs Office where the custom duty is paid for goods.

2. The business receipts tax provided in sub article (1) of this article shall be treated as an advance payment and will be offset against withheld business receipts tax reported in quarter tax returns. If the paid amount is more than the taxable business receipts tax for that quarter, the additional amount shall be deducted in the succeeding periods.

CHAPTER ELEVEN
FIXED TAXES

Business Activities Subject to Fixed Tax

Article 53:

Persons engaged in commercial activities specified by the provisions of articles (55), (56) (1) and (2) and (57) of this Law shall be subject to fixed tax in lieu of income tax and business receipts tax.

Fixed Tax on Imports

Article 54:

1. Persons who import goods shall be subject to two percent fixed tax on the total cost, including custom duties of the goods imported. The tax paid shall be deemed as an advance payment of their annual income tax in the calculation of the person's annual income tax assessment in accordance with the provisions of this law.

2. The tax mentioned in this article shall be paid at the customs house where customs duties on the goods are paid.

Fixed Tax on Automobiles

Article 55:

Persons who transport passengers or goods for commercial purposes shall be required to pay an annual tax before renewal of their route pass as follows:

1. Goods carrier based on tonnage:

    - From 1 to 2 tons: AFN 2600
    - More than 2 to 3 tons: AFN 3400
    - More than 3 to 4 tons: AFN 4200
    - More than 4 to 5 tons: AFN 5000
    - More than 5 to 6 tons: AFN 6000
    - More than 6 to 8 tons: AFN 7500
    - More than 8 to 10 tons: AFN 9000
    - More than 10 to 12 tons: AFN 10500
    - More than 12 to 14 tons: AFN 12000
    - More than 14 to 16 tons: AFN 13500
    - More than 16 to 18 tons: AFN 15000
    - More than 18 to 20 tons: AFN 16500
    - More than 20 to 25 tons: AFN 18500
    - More than 25 tons: per ton AFN 500 in addition to AFN 18500
    - More than the total allowable tons on the axle of a trailer: more than 500kg, AFN 200/ton

2. Passenger carrier vehicles:

    - Taxi with capacity of 3 to 5 passengers: AFN 2000
    - Taxi with capacity of more than 5 passengers: AFN 2000 and AFN 200 per additional seat
    - 14 seated microbus: AFN 2600
    - From 15 to 21 seated buses: AFN 4000
    - From 22 to 29 seated: AFN 6000
    - From 30 to 30 seated: AFN 7000
    - From 40 to 40 seated: AFN 7500
    - From 50 to 60 seated: AFN 8000
    - More than 60 seated: AFN 200/seat in addition to AFN 8000

3. Cylinder-wise Vehicles:

    - Vehicles with 4 cylinders: AFN 1500/vehicle
    - Vehicles with 6 cylinders: AFN 2000/vehicle
    - Vehicles with 8 cylinders: AFN 3000/vehicle
    - Vehicles with more than 8 cylinders: AFN 500/cylinder in addition to AFN 3000

4. Tricycles (Rickshaw):

    - Motor Tricycle: AFN 500 per unit
    - Tricycle: AFN 1000 per unit

Fixed Tax on Exhibitions Income

Article 56:

1. Fixed tax provided in this article shall be applied to natural persons who are residents of Afghanistan and to natural and legal persons who are non-residents of Afghanistan.

2. Persons mentioned in paragraph (1) of this Article who provide entertainment services such as theatre, exhibition of films, radio, television, music, or sports competition in Afghanistan shall be subject to a fixed tax of ten percent of receipts from sale of tickets. The aforementioned fixed tax shall be levied in lieu of income tax and business receipt tax. This tax is payable in accordance with paragraph (6) of article 70, this tax shall be paid at the tax office of the district in which the service is provided.

3. Other persons who provide entertainment services shall be subject to income tax and business receipt tax according to the provisions of this Law.

Fixed Tax on Small Enterprises (Guilds)

Article 57:

1. Real persons who are doing small business and commercial activities and who are not subject to withholding tax and exemption provided for in this law shall be required to pay the fixed tax mentioned in article 58 of this law.

2. Real persons mentioned in paragraph (1) of this article are obliged to fill the annual income tax return and submit according to provisions of this law.

Determining Fixed Tax on Small Economic Activities (Guilds)

Article 58:

1. Where real persons of paragraph (1) of article 57 of this law during the fiscal year on account of taxable incomes have an income up to AFN 150,000 shall be exempted.

2. The real persons mentioned in paragraph (1) of this article who have income of more than AFN 150,000 up to AFN 10,000,000 during the fiscal year, shall be obliged to pay 1,5% fixed tax from the total annual sale after getting exemption provided under paragraph (1) of this article.

3. The real persons mentioned under paragraph (1) of this article who have more than AFN 10,000,000 income during a fiscal year, shall be obliged to pay 1,5 % fixed tax from the total annual sale after getting exemption certificate stipulated in the paragraph (1) of this article or they can pay according to the provisions of paragraph (3) of article 4 and article 49 of this tax law.

4. Where the real person provided under paragraph (1) of article 57 of this law have not paid the taxes of the fiscal years of [1393] and [1394], their taxes will be determined according to the provisions of this law and they shall be required to pay such taxes.

5. Where the real persons mentioned in paragraph (1) of article 57 of this article pay their tax liabilities for the year [1393] and the previous years within (90) days of the publication of this amendment shall be exempted from the payment of additional taxes.

6. Where the real persons mentioned in this Article have paid their tax liabilities for the years [1393] and [1394] according to the provisions of paragraph (4) of article 75 of income tax law entered into force in 1387, according to paragraphs (2) and (3) of this article shall be recalculated and shall be offset for their next payable taxes.

CHAPTER TWELVE
TAX REGULATIONS TO LEVY TAX OF HOLDERS OF MINING LICENSES, CONTRACTS AND AUTHORIZATION LETTERS OR HYDROCARBON CONTRACTS

Priority of Chapter Twelve

Article 59:

Provisions set forth in the chapters of this Law excluding the provisions set forth in this chapter shall apply to HMLCPHC in the same way as it would be apply to an ordinary taxpayer, unless otherwise an Article of this chapter gets changed.

Tax Obligations of Mining License Holder

Article 60:

1. The HMLCPHC shall due to any of the licenses, authorization letters and contracts be deemed as a separate payer.

2. In the event that a HMLCPHC is a party to more than one hydrocarbon contract or bear either more than one mining license, authorization letter and/or fulfills both of the cases mentioned, he/she will be recognized a distinctive person on the basis of business activity related to each of the hydrocarbon contract, mining license and authorization letter.

3. Where the hydrocarbon contract, mining license and mining authorization letter get extended, their renewal for the purpose of giving effect to this Article shall be deemed as part of the main hydrocarbon contract, mining license and authorization letter.

4. In the event that a HMLCPHC is a party to more than one hydrocarbon contract or bear either more than one mining license, authorization letter and/or fulfills both of the cases mentioned, undertaking costs of more than one hydrocarbon contract, mining license and authorization letter, the costs stated shall be divided among diverse sections of the activity depending on how costs are used and applied.

Business Receipt Tax

Article 61:

Business receipt tax set forth in chapter ten of this Law shall not be applicable to the following revenues:

1. Revenues of HMLCPHC resulting from selling minerals (as defined in Minerals Law enacted in 1393) would be subject to mining license and/or authorization letter;

2. Revenues of a HMLCPHC originating from selling hydrocarbons which are subject to hydrocarbon contract;

3. Revenues of HMLCPHC on account of selling or assigning the mining license, authorization letter or hydrocarbon contract.

Deduction of Depreciation

Article 62:

1. A HMLCPHC who undertake costs to acquire his/her asset excluding building or the right to occupy a building may obtain deduction for the cost of asset on an equal percentage basis, each year less than the followings:

    1. Effective life asset (depreciation period);

    2. Five years of offsetting deductions as of the year in which the asset has been obtained.

2. An HMLCPHC who undertakes costs without annual rent to construct or acquiring asset meaning building or getting the right to occupy a building, may deduct the costs on an equal percentage basis within (15) years. Application of deductions shall start as of the year in which he/she undertook the costs.

3. A HMLCPHC who undertakes costs to acquire mining authorization letter, license and/or hydrocarbon contract, may each year withhold the costs for mining authorization letter, license or hydrocarbons law on an equal percentage basis as of the years in which the license, authorization letters, and contract are implemented.

4. The depreciation value of assets of an HMLCPHC may at any time be counted as principal costs minus deductions of any type against building costs or acquiring the foregoing asset, which are considered allowable. In the event that the person sells his/her asset with a [price] more than the value after withholding depreciation, the additional price shall be deemed as taxable revenue of the person. When a HMLCPHC sells his/her asset with a [price] less than the value after withholding depreciation, may obtain deduction for the difference between the value after depreciation and the sale price in the year in which the asset sold out.

Road Building Cost

Article 63:

1. This Article shall apply to HMLCPHC who assume costs to build road for advancing activities in relation to mining license, authorization letter or hydrocarbon contract.

2. The person described in clause (1) of this Article may withhold the costs for road building within fifteen years, deducting the costs in the year in which the road building gets completed as explained in clause (1) of this Article.

3. This clause shall apply to, when a HMLCPHC who sells his/her right to another person, which consequently the seller cannot use the road [?] described in clause (1) of this Article but the owner [assignee] of the HMLCPHC would put the road to use [?]. In the case, the one who obtains ownership of the mining license, authorization letter or hydrocarbon contract shall be entitled to withhold the non-deducted costs of building road for the remaining years of deductions. The remaining years of deducting costs minus the years on which the former owner/s were entitled to depreciation on the basis of this Article shall be counted as of fifteen years.

4. Where the clause (3) of this Article gets applied to road building stated in the clause (1) of this Article, the person who would sell his rights according to mining license, authorization letter or hydrocarbon contract, according to provision of this Article shall not be entitled to deducting the costs of road building in the year in which the rights were sold or in the succeeding years.

Well-Drilling Costs

Article 64:

A well excavated by a HMLCPHC for the purpose of exploring, development or producing hydrocarbon shall be deemed as asset of the person. All the costs spent by a HMLCPHC and a contractor to it, during and for excavating a well or for blocking a well, shall be considered as costs of well-drilling. Where the costs of drilling or well-drilling cost continue for more than one year, it would be considered that the person would be getting separate asset each year and the value of each asset would be equal to costs of well-drilling and/or well-drilling cost for the same year.

Pre-Production Costs

Article 65:

1. A HMLCPHC shall only receive deduction for the pre-production costs on an equal percentage basis for each year within the receipt due period;

2. The receipt due period to re-receive for the pre-production costs in activities of mining, extraction of hydrocarbon by a mining license, contract and authorization letter or hydrocarbon contract holder in any of the areas defined in the mining license and/or authorization letter shall be less than the following period:

    a. Fifteen years;

    b. Remaining years in the license or authorization letter.

3. The period to re-receive for the pre-production costs for a hydrocarbon company would be the remaining years in the contract;

4. A holder of mining license, contract, and authorization letter or hydrocarbon contract shall be considered as they have commence their business activities about minerals and hydrocarbons in any of the followings (whichever precedes):

    1. The year in which the Ministry of Finance and the Ministry of Mines issue a written memorandum based on which they recognize the person who has started business activities;

    2. In the case of a HMLCPHC that holds a mining Authorization, the year in which the proceeds from the sale of minerals exceeds 6% of the pre-production costs incurred by the HMLCPHC previous year.

    3. In the case of a HMLCPHC that holds a hydrocarbons Contract, the year in which the proceeds from the sale of hydrocarbons exceeds the threshold percentage of the pre-production costs incurred by the HMLCPHC prior to that year where the number in the threshold percentage is determined by dividing 100 by the number of years of the hydrocarbons Contract.

5. Where a person that is a HMLCPHC sells its rights in a mining License or mining Authorization or hydrocarbon Contract to another HMLCPHC, the first HMLCPHC may add to the cost of acquiring its rights in the License, Authorization or Contract any pre-production expenses it incurred that have not been previously deducted under paragraph (1).

Applying Deduction for Contribution to a Fund for Environmental and Social Obligation

Article 66:

A person that is a HMLCPHC may deduct any amount that is required to be paid in respect of environment and social obligations, according to the minerals law or pursuant to a plan required any applicable law affecting hydrocarbons provided:

1. The amount is paid to an entity that has no direct or indirect connection to the person claiming a deduction under this article;

2. The abovementioned person provides, through a financial institution approved for this purpose by the Da Afghanistan Bank, a bank guarantee for payment to the Ministry of Finance of the deductible amount in the event the entity holding the amount deposited does not apply the funds as specified in the government's Mineral Regulations or pursuant to a plan required by any applicable law affecting hydrocarbons.

Tax Loss Transfer and Continuance of Agreements

Article 67:

1. Article 32 of this law, which imposes a limit on the recognition of net operating losses, shall not apply to a HMLCPHC. Where a HMLCPHC incurs a net operating loss as defined in article 32, the loss my by treated as a deductible expense in the following year.

2. According to paragraph (3) of this article, the Ministry of Finance shall apply to a HMLCPHC the provisions of the law as they stood at the time the HMLCPHC became party to a mining Authorization, mining license, or hydrocarbons Contract for a period of:

    1. For 10 years, if the HMLCPHC holding a mining Authorization, the aforementioned 10 years starts from the date of which he holds the Authorization.

    2. For 15 years, if the HMLCPHC holds a mining license. This period starts from the date that he gets the license.

    3. The period of the hydrocarbons contract, in the case of a HMLCPHC that is party to a hydrocarbons contract.

3. The Ministry of Finance shall only apply the provisions of this law to a HMLCPHC as set out in paragraph (2) where the HMLCPHC has agreed in writing that taxable income of the HMLCPHC shall be subject to an income tax rate 30% for the years in which the provisions of this law are applied by the Ministry of Finance on the basis of this article without regard to subsequent changes.

CHAPTER 13
DETERMININITION OF TAX, SUBMISSION OF ANNUAL INCOME TAX RETURNS AND TAX PAYMENT

Tax Payer Identification Number

Article 68:

1. Individuals, companies and organizations which according to this Income Tax Law or the Customs Law, are required to pay taxes or customs duties - social, non-profit and charitable organizations which are required to withhold taxes from the salaries or wages of their employees; persons who have an account or open an account with a bank or other financial institution; and employees whose income is subject to income tax withholding under provisions of this Law shall be required to have a Tax Identification Number.

2. Ministries, government agencies and other government organizations shall not issue or renew business licenses for natural or legal persons who lack Taxpayer Identification Number, though they have to possess.

Annual Income Tax Returns

Article 69:

1. The following persons are obliged to submit their annual income tax returns:

    1. Real and legal persons subject to the payment of income tax, except the persons mentioned in paragraph (1) of article 48 of this law.

    2. Persons holding activity license and NGOs except non-profit organizations.

2. The following persons shall be required to submit their quarterly tax returns:

    1. Real and natural persons who are subject to business receipts tax.

    2. Real persons subject to fixed tax under article 57 of this law.

3. Where a person filed and submitted a tax return according to his/her self-assessment, the assessed tax will be deemed as payable tax and the tax return shall be deemed notice of tax determination.

Filing Returns and Payment of Tax

Article 70:

1. Persons, who are subject to filing of the annual income tax returns, shall be obligated to file it to the related sections by the end of third month of succeeding year.

2. Persons, who are subject to filing of quarter returns, shall be obligated to file it before the related sections within 15 days after the end of the quarter.

3. Resident and non-resident persons who intend to leave Afghanistan before the due date for payment of their tax shall be required to file their tax returns and pay the tax due two weeks before leaving Afghanistan.

4. Persons, who permanently stop their business activity during fiscal year, may file the historic tax returns to the related sections within the fiscal year.

5. Persons, subject to filing Income tax returns according to the provisions of this article shall be obligated to pay the specified tax as per the tax returns at the filing period of tax return.

6. Persons who are subject to the fixed tax provided in article 56 of this law, shall be obligated to provide the statement of their activities in the specific form and pay their tax due within 15 days after the end of the month providing that the activity of the mentioned exhibitions is not continued, their tax may be paid within the succeeding day after the end of the entertainment.

7. Persons, subject to tax provided in article 22 of this law, shall be obligated to pay their tax due upon the ownership transfer of the assets.

8. The Tax assessed in the tax assessment notice which is issued by the tax office shall be payable in the date provided in the notice.

Amendment Request

Article 71:

1. A taxpayer who has filed a tax return under this Law and then that taxpayer believes that the tax return has been incorrect, the taxpayer may request its amendment in the specific form within five years of the date on which the tax return was due to be filed.

2. Presenting amendment request from taxpayer is not obstacle for addition tax withholding.

3. The tax office shall be obligated to take action for the amendment request provided in the sub article (1) of this article within 60 days from the date of its filing and notifying the taxpayer of its decision in writing.

4. The decision made according to the sub article (3) of this article is called taxation decision. If the taxpayer is not satisfied with the taxation decision or does not receive any decision after 60 days as per sub article (3) of this article, may object according to the provisions of taxation affairs administration law.

CHAPTER FOURTEEN
MISCELLANEOUS PROVISIONS

Special Provision on Receiving Tax Obligation

Article 72:

A taxpayer who does not pay the taxable income as per this law, the Ministry of Finance may receive the mentioned tax from the person who gained the property of person subject to tax less than the market rate upon transaction three years prior to the due date of the unpaid taxes.

Enactment of Rulings

Article 73:

The Ministry of Finance may issue an income tax manual and separate general and individual procedural acts regarding income tax for the better implementation of the provisions of this Law.

Non-Issuance of License

Article 74:

1. License issuing agencies are required to provide the government agencies with a list and details, by electronic copy, of the natural and legal persons who have valid activity licenses.

2. While entering into contracts, all governmental agencies and organizations shall be required to ensure that the activity licenses are valid and accurate.

Precedence of Income Tax Law

Article 75:

1. In the event of any conflict between contracts, agreements, and provisions of other laws with the provisions of this Law, the Income Tax Law shall take precedence over them.

2. International contracts and agreements entered into by and between the Islamic Republic of Afghanistan and foreign countries or United Nations agencies are excluded from the provisions of the paragraph (1) of this Article.

Amendment to Exemptions

Article 76:

1. Amendment to tax exemptions and rates shall be done upon request of the Ministry of Finance and approval of the authorized officials.
2. Tax withholding and tax exemption shall not be valid without approval of the Ministry of Finance.

Transitional Provisions

Article 77:

Depreciable assets which part of its depreciation has been assessed according to the provisions of precedent effective law, the assessment of remaining depreciation of the said asset shall maintain according to that law.

Enforcement Date

Article 78:

1. This Law shall come into effect as of beginning of fiscal year after being published in the Official Gazette.

2. Coming this law into effect, the income tax law published in Official Gazette number 976 in 1387 and succeeding amendments in…and other contradictory provisions shall be annulled.