



Guide 08

## Tax Guide for Corporations and Limited Liability Companies

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## **1. Introduction to the Tax Guide for Corporations and Limited Liability Companies**

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### **1.1 Overview**

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#### **1.1.1 Introduction**

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This guide provides general information based on the Income Tax Law 2009 (ITL), but is not intended as a legal reference or as a source of precise technical and legal detail often associated with taxation of corporations and limited liability companies.

#### **Definition of Corporation**

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A corporation is a legal entity:

- i) incorporated under a firm name
- ii) for any commercial or industrial purpose not prohibited by law
- iii) having a determined basic capital represented by negotiable share certificates
- iv) whose liabilities shall be satisfied only by the assets of the corporation; and
- v) in which the liability of shareholders shall be limited to the unpaid amount of their subscribed shares.

#### **Definition of Limited Liability Company:**

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A limited liability company is a legal entity:

- i) incorporated under a firm name
- ii) having a determined basic capital represented by non-negotiable partners' certificates
- iii) whose liabilities shall be satisfied only by the assets of the corporation; and
- iv) in which the liability of its partners is limited to the amount of their subscribed capital unless the company's articles of incorporation or the laws of Afghanistan specifically provide for greater liability.

#### **1.1.2 What's New?**

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A new Income Tax Law 2009 was published in the Official Gazette number 976 dated March 18, 2009.

The Income Tax Law 2009 contains some significant changes



but most provisions are a re-enactment of the Income Tax Law 2005 as amended. The new law introduced:

- i) Revised withholding rates on wages and salaries
- ii) A new withholding requirement on payments to contractors
- iii) Adjusted amounts of penalties and additional taxes for failure to comply with the tax laws
- iv) A new 2% Business Receipts Tax on imports
- v) Repeal of provisions relating to sukooks and other nuisance taxes

### **1.1.3 Administrative Issues**

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#### **1.1.3.1 Taxpayer Identification Number (TIN)**

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Individuals, companies and organizations required to pay taxes or customs duties are required to have a Taxpayer Identification Number. Non-profit and welfare organizations that withhold taxes from the salaries or wages of their employees and individuals who have an account with a bank also need to obtain a Taxpayer Identification Number. Persons who generate losses are still required to have a TIN as they are obligated to file annual tax returns and may have periodic liabilities pertaining to business receipts tax, wage withholding tax, rent withholding tax, withholding on dividends, withholding on contracts etc.

The Income Tax Law provides for additional taxes and penalties where a person fails to apply for a TIN without reasonable cause.

#### **1.1.3.2 Taxation Year**

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The taxable year is the solar year which starts on the first day of Hamal (March 21) and ends on the last day of Hoot (March 20).

A legal person (but not a natural person) wishing to use a different tax year may apply in writing to the Ministry of Finance



stating the reasons for the requested change. The Ministry of Finance may approve such an application but only when justifiable. The Ministry of Finance will regard an application for an alternative tax year as justifiable when:

- A legal person in Afghanistan is a subsidiary organization of a parent organization established outside Afghanistan in a country with a different taxable year
- When that parent organization prepares consolidated financial statements for tax purposes in that foreign country, and
- Requiring the legal person in Afghanistan to prepare its financial statements on the basis of the Afghanistan fiscal year would impose significant additional tax compliance costs for that legal person.

The Ministry will inform the legal person of this in writing, establishing the commencement date of the change and expected tax payment dates as determined by the Ministry. The Ministry decision will ensure that neither the taxpayer nor the Government of Afghanistan obtains an unduly favourable tax position as compared with payments by other taxpayers.

#### **1.1.3.3 Confidentiality**

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All information contained in the tax returns or gathered by the Afghanistan Revenue Department through examination of books and records of the taxpayer, or a third party associated with the taxpayer, is confidential. Such information may not be disclosed to anyone outside the Ministry of Finance unless authorized by law or by the taxpayer.

The Income Tax Law 2009 provides that a taxation officer who discloses information confidential under this law with the intent of any direct or indirect benefit from such disclosure, or other persons assisting a taxation officer to disclose confidential information shall be referred to the office of the Attorney General.

The Income Tax Law 2009 also provides taxation officers who misuse their position in any unauthorized way for the purpose of direct or indirect financial or other benefits shall be referred to the office of Attorney General.

#### **1.1.4 Tax Holidays and Tax Exemptions**

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Beginning 1st Saratan, 1383 (June 21, 2004) taxpayers are no longer eligible for a tax holiday or tax exemption unless approved in writing by the Afghanistan Revenue Department. There are specific conditions that must be in place for a taxpayer to be eligible for a tax exemption.

A taxpayer is required to file an annual income tax return even when granted a tax holiday or tax exemption by the revenue department.

### **1.2 Record Keeping**

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#### **1.2.1 Books & Records and Source Documents**

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The Income Tax Law requires the maintenance and preservation of records. All natural or legal persons with taxable income in a taxable year shall keep records of all transactions, of all movable and immovable property (assets) and of all income that will enable them to prepare complete and accurate tax returns.

Records include ledgers, journals, vouchers, financial statements and accounts, and income tax records. They are to be supported by source documents. Records normally summarize the information contained in the source documents. The source documents include sales invoices, purchase receipts, contracts, guarantees, bank deposit slips and cancelled cheques. They also include cash register slips and credit card receipts, purchase orders, work orders, import and export documents, delivery slips, emails and general correspondence in support of the transaction.

### 1.2.2 Requirements for Records

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As a general rule, the Afghanistan Revenue Department does not specify the books and records you need to keep. You may choose a system of record keeping that is suited to the purpose and nature of your business. These records must clearly reflect your income and expenditure. Your records must:

- Be reliable and complete
- Provide you with the correct information you need to calculate your tax obligations and entitlements
- Be supported by source documents to verify the information contained in the records
- Include other documents such as appointment books, logbooks, income tax returns, business receipts tax returns, rent withholding tax returns, wage withholding tax returns, certain accountants' working papers, that assist in determining your obligations and entitlements;

### 1.2.3 Additional Records

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In addition to the above requirements for books and records and source documents, corporations and limited liability companies must keep:

- Minutes of meetings of directors
- Minutes of meetings of shareholders
- Any record containing details about:
  - Ownership of shares of capital stock; and
  - Any transfer of such shares
- General ledger or other books of final entry containing summaries of year-to-year transactions
- Any special contracts, agreements, or other documents necessary to understand entries in the general ledger or other books of final entry.

Businesses should also retain documentation to support their transactions. This is particularly important for businesses engaged in international non-arm's length transactions (transactions with

#### Note

Persons carrying on more than one business are required to keep separate records for each business.

related parties). These businesses should retain documentation related to transfer pricing policies and documentation pertaining to any distribution of branch and subsidiary profits.

#### **1.2.4 Availability of Records:**

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In order to confirm that a tax liability or refund has been properly established, or to estimate the income of a person, Ministry of Finance officers are entitled to have access to the business premises and to inspect, examine and copy books of account, papers, records etc. held by the person or by third parties. Third parties may include business associates, customers, suppliers, financial institutions, other government departments etc.

#### **1.2.5 Method of Accounting:**

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Corporations and limited liability companies are required to compute their taxable income using the accrual method of accounting which recognizes income when earned and expenses when due.

The accrual method of accounting means any recognized double-entry system of accounting which includes a procedure for adjustments that will show income separately for a given period and financial position precisely for a given date. Corporations and limited liability companies must use the accrual method of accounting in accordance with accepted accounting principles. In general, any double-entry system of accounting recognized and accepted by societies of professional accountants is prescribed for all corporations and limited liability companies.

### **1.3 Income Tax for Corporations and Limited Liability Companies**

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Corporate income tax is a flat tax of 20 percent (Article 4)

of net taxable income. Net taxable income is computed by deducting all ordinary and necessary business expenses from gross income (Chapter II). Corporate rates apply to legal entities such as corporations, limited liability companies, and other legal entities.

### **1.3.1 Determining Taxable Income**

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*Taxable income* of a company is the total income of the company (whether in cash, property, or services) minus any allowable exemptions or deductions. In general, all receipts of a company derived from its business and related activities, (including but not limited to fees and commissions; income from business, industry, and construction activity; gain from the sale of property; interest, dividends, rents, and royalties; and any other return from labor, capital, or economic activity) must be included in the calculation of taxable income. For more information regarding taxable income, see Guide 15 – Taxable and Non-Taxable Income.

*Exemptions* are amounts not subject to tax, such as amounts below taxation thresholds and certain non-taxable amounts by law.

*Deductions* are amounts that can be subtracted from total income such as allowable business expenses (those expenses incurred that are ordinary and necessary expenses for your type of business) and other expenses of producing income. For more information concerning allowable deductions, see Guide 16, Deductible and Non-Deductible Business Expenses.

### **1.3.2 Transactions with a Connected Person – Transfer Pricing**

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*Transfer pricing* refers to the practice whereby an entity conducting business in Afghanistan artificially inflates the purchase price of goods or services from, or artificially deflates the sale price of goods or services to, associated (connected) persons or entities, particularly foreign entities so as to effect reduction of taxable income and therefore tax payable in Afghanistan.

*Fair Market Value.* Where amounts paid or payable between connected persons differ from amounts paid or payable between unconnected persons, the Ministry of Finance may substitute the amount that would be paid or payable had the transaction taken place between unconnected persons. The amount that would normally be exchanged between unconnected persons is known as fair market value.

If the amount paid or payable between connected persons is found to be at fair market value, then the income / deduction will stand on the same basis as for transactions between independent and unconnected entities.

The taxpayer must be able to prove to the Afghanistan Revenue Department that receipts and / or payments with a connected person have been conducted at fair market value.

If you have had transactions with a connected person, you cannot use the Simplified Income Tax Return and must complete Schedule 5 and attach it to the normal Income Tax Return for Corporations and Limited Liability Companies (see below).

### **1.3.3 Filing and Payment of Your Annual Income Tax**

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#### **1.3.3.1 Which Form Should You Use?**

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The Afghanistan Revenue Department has developed three different tax filing forms for corporations and Limited Liability Companies. The first long form can be used by any corporation or Limited Liability Company. The second short form is intended for companies with simpler tax situations. The third is for those companies that have had no business activity during the tax period. Use the following chart to determine which form is best for you:

Yes No

1	Did you have any business activity during the tax period?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, go to next question. If YES, go to question 3.
2	Will you be claiming any business expenses?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, file the Tax Declaration for Corporations and Limited Liability Companies with No Business Activity in Tax Period. If YES, go to the next question.
3	Did you have any income from foreign sources?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, go to next question. If YES, you must file the normal Annual Income Tax Return for Corporations and Limited Liability Companies.
4	Did you have income from the sale of any assets?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, go to next question. If YES, you must file the normal Annual Income Tax Return for Corporations and
5	Did you have any miscellaneous income not directly associated with your business activity?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, go to next question. If YES, you must file the normal Annual Income Tax Return for Corporations and Limited Liability Companies.
6	Did you have any transactions with connected persons?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, go to next question. If YES, you must file the normal Annual Income Tax Return for Corporations and Limited Liability Companies.
7	Did you have any casualty losses*?	<input type="checkbox"/>	<input type="checkbox"/>	If NO, you may file the Simplified Annual Income Tax Return for Corporations and Limited Liability Companies. If YES, you must file the normal Annual Income Tax Return for Corporations and Limited Liability Companies.

\*Casualty losses are losses of property that is used for the production, collection, or preservation of income. Losses caused by fire, wind, earthquake, casualty, or disaster of any kind may be deducted to the extent that such loss was not reimbursed by insurance. To claim such a deduction, the owner must have kept records which clearly show the value or cost of the property lost. One third of the loss may be claimed in the current year and each of the succeeding two years.

### 1.3.3.2 Filing & Payment Due Dates

The due date for filing the tax return and the tax payment is 31 Jowza of the year following the tax year\*. You may file and pay any time after the end of the tax year (31 Hut). Payments must be made at Da Afghanistan Bank. For Kabul taxpayers, tax returns may be filed in a drop-box at the bank or at the Afghanistan Revenue Department. Taxpayers from other provinces may file their tax returns with their local Mustufiat or bank.



The tax return includes a bank deposit form in four parts. Ensure the form is properly completed and take it to the bank along with your tax return and payment. The bank will stamp the deposit form as official and you will receive one copy for your records.

Taxpayers completing returns which show no tax is payable (no activity or losses) must file their returns directly with the Afghanistan Revenue Department or local Mustufiat office.

#### **1.3.3.3 Overpayments of Tax**

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At the time a taxpayer's overpayment claim or court judgment has been upheld by the Ministry of Finance, the Afghanistan Revenue Department official in charge of the taxpayer's file will contact the Afghanistan Customs Department to confirm that the taxpayer does not have any outstanding liability for customs duties. The official also will check if any other taxes remain unpaid. Any overpayment will be first applied against unpaid taxes or customs duties and the excess held over as a credit against future tax liabilities.

#### **1.3.4 Amending a Return and Objections & Appeals**

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Where a person has filed a tax return, the tax due according to the tax return is treated as an assessment of tax payable and the return is treated as a notice of assessment. A notice of assessment can also be issued by the Ministry of Finance under other circumstances such as when Ministry of Finance believes tax return does not correctly disclose tax due, when persons have not prepared and filed a tax return, when the Ministry of Finance believes the collection of tax that will become due is in jeopardy, etc.

When a person liable to pay tax believes the assessed amount is incorrect, such person may first request an amendment to the assessment. If dissatisfied with the decision, the person may file an objection with the Ministry of Finance. The objection will be reviewed by an Objection Review Panel which may affirm or amend the assessment

### Note

If you have requested and received permission to use a non-solar year tax period, your tax return and tax payment are due on the last day of the third month following the end of your tax period.

### Note

A person may choose to pay at another bank and the payment transferred electronically to the Da Afghanistan Bank (refer Guide 06, Electronic Funds Transfer, for more information). If so, the taxpayer has responsibility to ensure the completed tax return is filed with the Afghanistan Revenue Department in Kabul or those other locations where ARD has established tax offices, or his local Mustufiat office. The filing date will be the date the tax return is received by the appropriate tax office.

notice in whole or in part. When a person does not accept the decision of the Objection Review Panel the person may appeal to the court and the decision of the court will be final.

Refer to Article 89 of the Income Tax Law 2009 and the Income Tax Manual for additional information regarding the timeframes for requesting amendments to filed returns, filing objections, responding to objections, and appeals to the court.

## 1.4 Business Receipts Tax for Corporations and Limited Liability Companies

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### 1.4.1 Business Receipts Tax on Services

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The Income Tax Law imposes a 10 percent Business Receipts Tax on the following types of businesses (Articles 66 of the Income Tax Law):

- 1 Hotel providing superior services.
- 2 Restaurant providing superior services
- 3 Telecommunication services
- 4 Airline services

### Definitions (Article 66)

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*Hotel services* means provision of sleeping accommodation and related services, including provision of meals, beverages, laundry and telecommunications services, to persons who occupy such accommodation temporarily as a traveler.

*Restaurant services* means provision of food or beverages by an establishment that provides facilities for immediate consumption at that establishment, or catering services of prepared food; or sales of cooked foods that were prepared on the premises.

*Telecommunication services* means the provision of telephonic services or internet services by a telecommunications service provider or internet service provider, including digital or analogue telephone, facsimile or data transfer communications and internet access by any means.

*Airline services* means passenger air services where the flight originates in Afghanistan.

#### **1.4.2 Who Must Pay the 10% BRT?**

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Corporations and Limited Liability Companies (along with other legal persons) whose business falls into one of the four categories previously mentioned must file a quarterly BRT return and pay BRT for that quarter at the rate of 10 percent.

#### **Tax Rates**

##### **Telecommunication Services and Airline Services**

The rate for telecommunication and airline services pay 10 percent of the gross receipts or income of the business for all affected businesses (both legal and natural persons)

##### **Restaurants, Hotels, and Guesthouses**

The rate for restaurants, hotels, and guesthouses with income less than AFN 750,000 per month will be two percent of the gross receipts. The rate increases to five percent of gross receipts if the business' receipts are AFN 750,000 or more per month. Large hotels and restaurants which provides luxury and premium services will be liable for the 10 percent rate of business receipts tax.

#### **1.4.3 Treatment of Business Receipts Tax for Income Tax purposes**

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The Business Receipts Tax paid or payable is considered to be an ordinary and necessary expense of doing business and is therefore deductible from gross income when computing taxable income for the year (Article 67).

See Guide 03 – Business Receipts Tax on Services for more information regarding this tax.

#### **1.4.4 2% and 5% Business Receipts Taxes**

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The BRT applies to the following types of gross receipts:

- 1 Commissions, fees, dividends, rent, royalties and similar income
- 2 Materials, equipment, services, transportation, and construction of buildings provided under terms of a contract
- 3 Premium income for insurance
- 4 Sale of admissions to public entertainment including cinema shows, plays, concerts, exhibitions, sports and others of the same kind
- 5 Sales of products, goods, assets and other services
- 6 Imports

##### **1.4.4.1 Gross Receipts Subject to 2% Business Receipts Tax**

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All legal persons who provide goods and services which are not specifically included in the five percent and 10 percent BRT rates are required to pay two percent BRT on total gross income. Certain incomes are specifically excluded from BRT (See Section 1.4.5 of this Tax Guide).

Persons who import goods are also required to pay two percent Business Receipt Tax on the cost price of the imported goods including custom duty. The Business Receipt Tax paid on imports will be treated as an advance payment for Business Receipt Tax payable.

Restaurants, hotels, and guesthouses with income less than AFN 750,000 per month shall also be subject to two percent BRT on gross receipts.

##### **1.4.4.2 Gross Receipts Subject to 5% Business Receipts Tax**

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Restaurants, hotels, and guesthouses with income more than AFN 750,000 per month shall be subject to five percent BRT on gross receipts.

#### **Note**

Clubs and halls (such as wedding halls) will pay five percent business receipts tax on gross receipts.

Income received by clubs and halls where events are held are also subject to five percent BRT on gross receipts

#### **1.4.5 Income Exempt from Business Receipts Tax**

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- 1 Income received from interest
- 2 Fees earned from the exchange of currency, operation of savings or checking accounts, transfer of deposits or withdrawals, issuance of checks and guarantee letters, internet banking, provision of mortgages or loans, provision of gradual credit
- 3 Issuance of cash-settled contracts pending a specific date in the future
- 4 Future contracts settled by physical delivery
- 5 Premium for the provision of insurance or re-insurance
- 6 Distribution received by a shareholder from a corporation, limited liability company or partnership with respect to the shareholder's stocks or partnership interest
- 7 Income from export of goods and services
- 8 Income from provision of services specified in Articles 17 or 46 of the Income Tax Law
- 9 Income received from rent or lease of residential property to a natural person providing that the tenant uses the property for residential purposes for more than six months of the tax year
- 10 Income from sale of the property by a natural person outside of the ordinary course of the natural person's business. A sale is considered to be outside the course of the natural person's business when such sales are not regular and continuous

#### **Note**

Gross Incomes are receipts during the fiscal year, before any deductions.

#### **1.4.6 Who Must Pay the 2% and 5% BRT?**

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Corporations and Limited Liability Companies (along with other legal persons) must file a quarterly BRT return and pay BRT for that quarter.

## 1.4 Enforcement Provisions

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### 1.4.1 Overview

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The Afghanistan Revenue Department is obligated by law to determine and collect from each taxpayer only the correct amount of tax that is due to the Government. The Afghanistan Revenue Department officers and staff are representatives of the Minister of Finance and in that capacity must ensure that the tax laws are administered correctly and fairly so that no one is favored or prejudiced.

The Income Tax Law 2009 has been updated to provide the Ministry of Finance with all of the enforcement powers necessary to collect the taxes that are rightfully considered due under the law.

### 1.4.2 Tax Administration Enforcement Powers

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The Income Tax Law 2009 provides significant tax administration enforcement powers Including:

- *Assessments* The Ministry of Finance may amend tax assessments to correct intentional or inadvertent errors. The Ministry also may raise an assessment for income tax based on estimated income when no return has been filed. (For more detail refer to Article 87 of the Income Tax Law 2009)
- *Property actions* The Ministry of Finance may place restrictions on the sale of movable and immovable property, place liens or encumbrances on property or seize property for the purpose of sale. These actions may be taken upon approval of the courts. (For more detail refer to Article 97 of the Income Tax Law, 2009)
- *Director & shareholder liability* The Ministry of Finance may under certain conditions collect the tax debt of the company from its directors, certain shareholders and third parties that have received assets from the debtor company. (For more detail refer to Article 93 of the Income Tax Law, 2009)

- *Collection from third parties* The Ministry of Finance has the power to issue a garnishee order to collect amounts owed to the tax debtor by third parties. These third parties could include customers, financial institutions, employers, tenants etc. (For more detail refer to Article 92 of the Income Tax Law 2009)
- *Departure Prevention Order (DPO)* – The Ministry of Finance may order the appropriate authorities to restrict or prevent an individual (including an assessed Director, shareholder or third party) owing more than AFN 20,000 in unpaid taxes from leaving the country. (For more detail refer to Article 94 of the Income Tax Law 2009)
- *Temporary business closure* When a person fails to file a tax return, fails to pay tax liabilities on the due date or fails to withhold (rent, wages, dividends, royalty, contract etc.) and pay tax, that person may be the subject of an order to close the business until the taxes are paid. (For more detail refer to Article 95 of the Income Tax Law 2009)
- *Non-issuance of licenses* When persons have not paid taxes due, the Ministry of Finance may inform other government ministries, agencies and departments which have the authority to issue licenses, not to renew those licenses. (For more detail refer to Article 109 of the Income Tax Law 2009)

### 1.4.3 Failure to Comply

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The Income Tax Law 2009 provides for the imposition of additional taxes, penalties, fines and/or imprisonment. These sanctions may be imposed under several circumstances including:

- Failure to maintain and to provide access to books and records of business transactions
- Failure to file a tax return and balance sheet
- Failure to withhold tax as required – rent, dividends, interest, royalties, wages, salaries, contracts etc.
- Failure to pay the taxes due



- Failure to apply for a Tax Identification Number (TIN)
- Evasion of taxes
- Offenses committed by taxation officers pertaining to disclosure of confidential information and misuse of their position.

#### **1.4.4 Late Payment Charge**

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When a person has failed to pay their tax liability by the due date, the person is subject to additional income tax of 0.10 per cent of the tax due, per day. (Refer to Article 100 of Income Tax Law 2009).

#### **1.4.5 Late Filing Charge**

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A legal person who without reasonable cause fails to file a tax return by the due date is subject to additional income tax of AFN 500 for each day other than holidays that the return is overdue. (Refer Article 102 of Income Tax Law 2009)

## **2. Taxpayer Information and Bank Deposit Form (Page 1 of the Tax Return)**

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### **2.1 Introduction**

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Use this section of the form to provide taxpayer information as well as bank deposit information. Correct entries here to help ensure correct reconciliation of tax payments and taxpayer identification later.

After completing all sections of the tax return, you need to retain the blue copies of each of the pages, except this page. When you pay your tax at the bank, the bank teller will stamp each form, and give you the blue copy of the bank deposit form for your records. You need to attach this record of payment to the other pages of the tax return and retain with your financial records.

Follow the instructions on the return to complete this area. Incomplete or incorrect information may delay the processing of your return.

### **2.2 Section 1: Taxpayer Information**

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This section contains the taxpayer's identifying information.

#### **Line 1 - Taxpayer Identification Number**

Enter the Taxpayer Identification Number (TIN) for the corporation or Limited Liability Company. This is the 10-digit number that you received from the Afghanistan Revenue Department when you submitted your Taxpayer Identification Number application form.

#### **Line 2 - Name of Taxpayer**

Enter the name of the corporation or limited liability company, as it appears on the Taxpayer Identification Number registration form.

#### **Line 3 - Address of Taxpayer**

This is the business address of the main business of the taxpayer in Afghanistan. Provide your business street number

and street name, village or town, district and province.

**Line 4 - Nominate Contact Person Name**

Enter the name of the nominated contact person for the taxpayer.

**Line 5 - Telephone Number**

Enter the telephone number for the taxpayer business or for the nominated contact person for the taxpayer.

**Line 6 - Email Address**

Enter the email address of the taxpayer business or the nominated contact person for the taxpayer

**Line 7 - Principal Business and Line 8 – Principal Business Code**

This is the main activity from which you derive most of your business income. Use one of the activities listed below.

**At line 7, write the description of your principal business activity.**

**At line 8, write the corresponding three-number code.**

Code	Description
001	Agriculture (farming, forestry, fishing)
002	Air transport companies
003	Automobile & motorcycle sales, repair, sales of parts, sales of fuel
004	Construction / building activities, including the sale of building supplies such as lumber, electrical fittings, plumbing, fixtures etc
005	Customs brokers
006	Embassies of foreign countries
007	Extraction of crude petroleum and natural gas, and related exploration/service activities
008	Financial sector activities including banking, insurance, savings & loan etc
009	General manufacturing/industry not elsewhere specified
010	General retail/wholesale sales of goods & services not elsewhere specified
011	Hotels & guesthouses
012	Local, provincial or federal government department (official use)
013	Mining activities, including oil and gas services
014	Mining activities, including minerals, gemstones, exploration activities etc (excluding oil & gas services)
015	Money changers, currency exchange
016	Non-governmental organizations
017	Restaurants, cafes & bars
018	Telecommunications providers, including internet service providers
019	Textile industry (carpet making, fabric making, manufacture of clothes)
020	Transport rental (rental of cars, motorcycles, helicopters, aircraft)
021	Other business activities not elsewhere specified

## **2.3 Section 2: Important information for Taxpayers**

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Important information that you, the taxpayer, need to be aware of is listed in Page 1 of the tax return form. Please ensure you read this information.

## **2.4 Section 3: Bank Deposit Form**

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This form needs to be completed with the amount of tax you are paying. This should be the same amount you entered on line 200 of section 2 in page 2 of this tax return, that is, total tax due. If you make a payment of a lesser amount than the total tax due, and have not paid the total amount of tax payable by the due date, penalties may apply.

Section 1.3 of the Overview section of this Tax Guide provides information on filing and payment of your annual income tax.

Complete all sections of the tax return. Retain the blue copies of each page of the form except page 1, the Bank Deposit Form.

### **Taxpayer Identification Number**

Enter the Taxpayer Identification Number (TIN) for the corporation or Limited Liability Company. This is the same number you have entered on your tax return.

### **Afghani amount in figures and words**

Enter the amount of tax you are paying at this time. This amount has to be entered in figures and in words.

### **Cash Total**

Enter the amount of cash you are paying at this time. This amount has to be entered in figures.

### 2.4.1 How to Pay Tax and File Your Return

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#### *Payment at Da Afghanistan Bank Head Office*

If you are paying your tax payment at the Da Afghanistan Bank Head Office:

- 1 Take your completed tax return (all pages), an envelope large enough to fit the tax return, and your tax payment to the Da Afghanistan Bank Head Office.
- 2 Pay your tax to the cashier
- 3 The cashier will stamp all four copies of the bank deposit form (page 1)
- 4 The cashier will retain the green copy and the white copy of the bank deposit form (page 1) for the bank's records and for forwarding to the Afghanistan Revenue Department
- 5 You, the taxpayer, need to retain the blue copy of the stamped bank deposit form (page 1) for your records. Attach it to the other blue pages of the tax return (pages 2,3, and 4)
- 6 The yellow copy of all the pages of the return remains with the tax return
- 7 You, the taxpayer, need to put the completed tax return (yellow pages 1-4, Schedules and supporting documentation) in the envelope, seal it, and place it in the locked tax return box located at the Da Afghanistan Bank Head Office (next to the government cashier)
- 8 Afghanistan Revenue Department staff will collect the tax returns from the Da Afghanistan Bank Head Office

If you prefer to send your completed tax return to the Afghanistan Revenue Department instead of leaving it at the Da Afghanistan Bank, you may do so. However it is essential that the return is filed with the Afghanistan Revenue Department within the required timeframe. It is the taxpayer's responsibility to make sure this occurs.

### *Payment Electronically Through Another Bank or Through Da Afghanistan Bank Branch*

If you pay your tax electronically or at any other bank (including branches of the Da Afghanistan Bank):

- 1 Take your tax payment to the bank (either in Afghanistan or outside of Afghanistan)
- 2 Pay your tax to the cashier as an electronic funds transfer. The payment must be equivalent to your tax debt in afghanis.
- 3 Refer to Guide 06, Paying Your Tax by Electronic Funds Transfer for information regarding EFT payments. It is essential that the information required by Guide 06 is included on the EFT voucher so the taxpayer making the payment can be identified by the Afghanistan Revenue Department.
- 4 The cashier will give you a stamped copy of the EFT voucher and send these details through the appropriate transfer system to the Da Afghanistan Bank Head Office. The Da Afghanistan Bank forwards the information to Afghanistan Revenue Department.
- 5 The cashier will not stamp the bank deposit form (page 1) attached to your tax return as there is no need for the cashier to use this form. For the bank's purposes, this form is replaced by the EFT voucher.
- 6 You need to retain a copy of the EFT voucher and attach it to the blue pages (pages 2,3, and 4) of the tax return
- 7 You the need to attach a copy of the EFT voucher to the yellow copy (pages 2,3, and 4) of the tax return.
- 8 You need to ensure your tax return (EFT voucher, yellow pages 2-4, Schedules and supporting documentation) is sent to the Afghanistan Revenue Department via a reliable delivery service

#### **Note**

It is essential that the return is filed with the Afghanistan Revenue Department within the required timeframe. It is the taxpayer's responsibility to make sure this occurs



### **3. Tax Payable Calculation and Declaration Information (Page 2 of the Tax Return)**

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#### **3.1 Introduction**

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Use this section of the form to provide taxpayer information, the tax payable calculation and the taxpayer's declaration.

#### **3.2 Section 1: Taxpayer Information**

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This section of the form is a repeat of the taxpayer's identifying information, in section 2.2 of this Tax Guide. This section needs to be completed by the taxpayer with the same information you entered in Section 1 on the Taxpayer Information and Bank Deposit Form page of the tax return.

#### **Line 9 – Annual Tax Period**

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The annual tax period (that is the solar year starting from first day of Hamal and ending in last day of Hoot) covered by this form should be written in this column. This form is designed to be used for 1389 and later years. Do not use this particular form for any other tax year.

#### **3.3 Section 2: Tax Payable Calculation**

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Use this section to calculate tax. Under self-assessment, the taxpayer calculates the total tax due for himself/herself, and indicates whether there is a payment or a refund due.

##### **Line 20 – Total Assessable Income**

Enter the total assessable income from line 500 in Section 3 of the Annual Income Tax Return form. This is the total amount of assessable income calculated in Section 3. Section 4 of this Tax Guide provides instructions on how to calculate total assessable income.

##### **Line 30 – Total Allowable Deductions**

Enter the total allowable deductions from line 900 in Section 4 of the Annual Income Tax Return form. This is the total amount of allowable deductions calculated in Section 4. Section 5 of this Tax Guide provides instructions on how to calculate total allowable deductions.

## Line 40 – Net Income

Subtract line 30 (total allowable deductions), from line 20 (total assessable income). The resulting amount is your net income. Enter this amount in line 40 (net income). If the amount is a negative, that is, the total allowable deductions are more than the total assessable income, then place brackets ( ) on either side of the number.

### Example 1

Company A calculates its total assessable income and total allowable deductions are as follows:

Line 20, total assessable income	AFN10,000,000
Line 30, total allowable deductions	AFN 7,000,000
Line 40, net income	AFN 3,000,000
In line 40 of Section 2, Company A enters	AFN 3,000,000

### Example 2

Company A calculates its total assessable income and total allowable deductions are follows:

Line 20, total assessable income	AFN 10,000,000
Line 30, total allowable deductions	AFN 10,120,000
Line 40, net income	(AFN 120,000)
In line 40 of Section 2, Company A enters	(AFN 120,000)
operating loss	

Brackets ( ) are placed around the number to show that the deductions are more than the income, that is, it is a negative number as a result of an operating loss.

## Line 50 – Loss from transfer, exchange or sale of capital assets

Enter the amount from line 7 of Schedule 9. Only loss is to be reported here, if there is a gain, leave this line blank.

For more information on calculation of Capital Gain or Loss refer to Appendix 9, Schedule 9 – Capital Gain or Loss of this Tax Guide.

### **Line 60 – Loss Carry-Forward**

If there are operating losses from the previous years to offset against operating profit in the annual tax period, the Operating Loss Carry-Forward Worksheet must be completed and retained by the taxpayer with the taxpayer's tax records. An explanation of the worksheet is contained in Appendix 12 of the Tax Guide. A copy of worksheet is contained in Appendix 14 of the Tax Guide.

At line 60, Loss Carry-Forward, enter the operating loss carry-forward amount from line 350 of the Operating Loss Carry-Forward Worksheet.

### **Line 70 – Taxable Income**

Subtract line 50 (loss from transfer, exchange or sale of capital assets) and line 60 (loss carry-forward), from line 40 (net income). The resulting amount is your taxable income. Enter this amount in line 70 (taxable income). The amount is either a positive amount or zero. It cannot be a negative amount because you cannot claim more loss than you have net income. Therefore, if line 40 is negative, do not add line 40 to line 50 and 60. Line 70 will automatically be zero.

#### **Example 1**

Company A has a net income (at line 40) of AFN 500,000. Company A has a loss from transfer, exchange or sale of capital assets (at line 50) AFN100,000 and loss carry-forward (at line 60) AFN 300,000. Therefore Company A's taxable income (at line 70) is AFN100,000. (Subtract line 50 and line 60 from line 40)

#### **Note**

Only overall loss from the sale of assets needs to be entered at line 50. If there is a gain from the sale of assets this is to be reported at line 460 of Section 2 of Income Tax Return.

## Example 2

Company B has the same net income as above. Their loss from transfer, exchange and sale of capital asset (at line 50) is AFN 200,000 and loss carry-forward (at line 60) is AFN 400,000. Company B cannot claim a higher amount of losses (Addition of line 50 and line 60) than its net income (line 40) amount. Therefore Company B's taxable income in this example is AFN 0.

## Line 80 – Tax on Taxable Income

Multiply the amount of taxable income at Line 70 by the rate of tax (20 percent) to obtain the amount of tax on taxable income.

## Example 1

Company A has a taxable income (at line 70) is AFN100,000. The taxable income is multiplied by the rate of tax, that is, AFN 100,000 by .20, resulting in tax on taxable income of AFN 20,000.

## Line 90 – Foreign Tax Credit

The tax credits for the income taxes paid in foreign countries must be calculated separately for each foreign country. Schedule 7 – Foreign Tax Credit Calculation must be used to document the calculation of the tax credit available for each foreign country in which foreign income tax was paid. Refer to Appendix 7 for instructions on completing Schedule 7. A copy of Schedule 7 is contained in Appendix 14 of the Tax Guide.

The total of the credits from all foreign countries is entered in line 90 (foreign tax credit).

If Foreign Tax credit is claimed, a copy of Schedule 7 must be attached to the Annual Income Tax Return.

### **Line 100 – Withheld Taxes Paid on Your Behalf**

Enter the total of taxes withheld on your behalf. Withholding statements to support the amount entered at line 100 must be attached to the Annual Income Tax Return.

The types of taxes that may have been withheld on your behalf include dividends, interest, royalties and contracts.

### **Line 110 – Other prepayments of income tax**

Enter the total of taxes prepaid during the year for any other reason, if it hasn't already been included in lines 90 and 100. Information to support the amount entered at line 110 must be attached to the Annual Income Tax Return.

The type of taxes that may have been prepaid includes the two percent tax on imports collected by the Afghanistan Customs Department on behalf of the Afghanistan Revenue Department.

### **Line 120 – Total Credits**

Add line 90 (foreign tax credit), line 90 (withheld taxes paid on your behalf) and line 110 (other prepayments of income tax). The resulting amount is the amount you can offset against your Income tax payable. Enter this amount in line 120 (total credits).

## Line 130 – Income Tax Due

Subtract line 120 (total credits), from line 80 (tax on taxable income). The resulting amount is the amount of income tax due. Enter this amount in line 130 (income tax due). If the amount is a negative, that is, the total credits are more than the tax on taxable income, then place brackets ( ) on either side of the number.

### Example 1

Company A calculates its tax on taxable income and total credits are follows:

Line 80, tax on taxable income	AFN 20,000
Line 120, total credits	AFN 5,000
Line 130, income tax due	AFN 15,000
In line 130 of Section 2, Company A enters	AFN 15,000

### Example 2

Company B calculates its tax on taxable income and total credits resulting in an overpayment of tax as follows:

Line 80, tax on taxable income	AFN 20,000
Line 120, total credits	AFN 25,000
Line 130, income tax due	AFN 5,000
overpayment	

**In line 130 of Section 2, Company B enters (5,000)**

Brackets ( ) are placed around the number to show that the total credits are more than the tax on taxable income, that is, it is a negative number.

## Line 140 – Unpaid 2% BRT Payable

Enter the unpaid two percent Business Receipts Tax (BRT) payable from line 110 of Schedule 3 of the Annual Income Tax Return form. Appendix 3 of this Tax Guide provides instructions on how to calculate unpaid two percent BRT

payable. A copy of Schedule 3 is contained in Appendix 14 of the Tax Guide.

If the amount is a negative, that is, the amount of two percent BRT already paid is more than the amount of two percent BRT initially owed, then place brackets ( ) on either side of the number.

### **Line 150 – Unpaid 5% BRT Payable**

Enter the unpaid five percent Business Receipts Tax (BRT) payable from line 280 of Schedule 3 of the Annual Income Tax Return form. Appendix 3 of this Tax Guide provides instructions on how to calculate unpaid five percent BRT payable.

If the amount is a negative, that is, the amount of five percent BRT already paid is more than the amount of five percent BRT initially owed, then place brackets ( ) on either side of the number.

### **Line 160 – Unpaid 10% BRT Payable**

Enter the unpaid 10 percent Business Receipts Tax (BRT) payable from line 100 of Schedule 4 of the Annual Income Tax Return form. Appendix 4 of this Tax Guide provides instructions on how to calculate unpaid 10 percent BRT payable.

If the amount is a negative, that is, the amount of 10 percent BRT already paid is more than the amount of 10 percent BRT initially owed, then place brackets ( ) on either side of the number.

### **Line 170 – Total Tax Due**

Add line 130 (income tax due), line 140 (unpaid two percent BRT), line 150 (unpaid five percent BRT) and line 160 (unpaid 10 percent BRT). Enter the resulting amount at line 170 (total tax due).



This is the total amount of tax due.

If the amount of tax due is a negative, that is, the total amount of income tax and / or BRT paid is more than the amount initially owing, then place brackets ( ) on either side of the number.

#### Example 1

Company A calculates its total tax due as follows:

Line 130, income tax due	AFN100,000
Line 140, unpaid 2% BRT	AFN 5,000
Line 150, unpaid 5% BRT	AFN 15,000
Line 160, unpaid 10% BRT	AFN 20,000

**In line 170 of Section 2, Company A enters AFN 140,000.**

This is the total tax due from Company A.

In this situation the sum of each tax type is a positive amount, that is, Company A has an outstanding amount of tax to pay for the 1389 year.

#### Example 2

Company B calculates its total tax due as follows:

Line 130, income tax due	AFN 100,000
Line 140, unpaid 2% BRT	AFN 5,000
Line 150, unpaid 5% BRT	AFN 15,000
Line 160, unpaid 10% BRT	(AFN 20,000)

In line 170 of Section 2, Company B enters AFN 100,000.

This is the total tax due from Company B.

In this situation the sum of each tax type, except 10 percent BRT is a positive amount. Company B has overpaid its 10 percent BRT liability in 1389 so this amount reduces the overall amount of tax Company B has to pay for 1389.

### Example 3

Company C calculates its total tax due as follows:

Line 130, income tax due	(AFN100,000)
Line 140, unpaid 2% BRT	AFN 5,000
Line 150, unpaid 5% BRT	AFN 15,000
Line 160, unpaid 10% BRT	AFN 20,000

In line 170 of Section 2, Company C enters (AFN 60,000).

Brackets ( ) are placed around the number to show that the total tax due is a negative.

In this example even though Company C has a BRT liability, this has been offset by a negative income tax due amount from line 130. Please refer to the Tax Guide section on line 130 for further explanation and example.

When calculating Total Tax Due, if you are subject to any Business Receipts Taxes make sure you have calculated your total assessable income correctly. Total assessable income must include the gross receipts and income derived from services, before any deductions, including deductions of BRT payable.

### Example 4

Company D derives income from the provision of restaurant services. Income is the total amount charged to the customer, irrespective of whether Company D has included the 10 percent BRT in the amount charged to the customer.

This income is included at line 310, Gross receipts or sales, of Section 3. It is also part of the calculation of Total Assessable Income at Line 20 of Section 2.

Company D can claim a deduction of the 10 percent BRT paid or payable against this income at line 650 of Section 4, after first completing Schedule 4 of the Income Tax Return.

Line 310, Section 3, Gross receipts or sales	AFN 100,000
Line 650, Section 4, 10% BRT paid or payable	AFN 10,000)
Line 70, Section 2, Taxable income	AFN 90,000

Line 80, Section 2, Tax on taxable income	AFN 18,000
Line 160, Section 2, Unpaid 10% BRT payable	AFN 0
Line 170, Section 2, Total tax due	AFN 18,000

Company D has already paid AFN 10,000 as BRT so the total amount of taxes paid against the income of AFN 100,000 is AFN 28,000; AFN 18,000 as Income Tax and AFN10,000 as Business Receipts Tax.

### Example 5

Assume the same information as for Example 4, except Company D has not paid the quarterly 10 percent BRT. In this situation the calculation would be:

Line 310, Section 3, Gross receipts or sales	AFN 100,000
Line 650, Section 4, 10% BRT paid or payable	(AFN 10,000)
Line 70, Section 2, Taxable income	AFN 90,000

Line 80, Section 2, Tax on taxable income	AFN 18,000
Line 160, Section 2, Unpaid 10% BRT payable	AFN 10,000
Line 170, Section 2, Total tax due	AFN 28,000

The total amount of taxes paid against the income of AFN 100,000 is still AFN 28,000; AFN 18,000 as Income Tax and AFN 10,000 as Business Receipts Tax, but in this example, all of the tax is paid at the time of filing the Annual Income Tax Return. This example does not address any penalties for late payment of the BRT.

## **Line 180 – Failure to Deliver a Tax Return – Self Assessed Penalty**

Enter the amount of self-assessed penalty for Failure to Deliver a Tax Return (under Article 102 of the Income Tax Law 2009) from line 110 of penalty calculation worksheet. Refer to the penalty calculation worksheet, Appendix 14, of this Tax Guide.

### **Line 190 – Failure to Pay the Due Tax by the Due Date – Self Assessed Penalty**

Enter the amount of self-assessed penalty for Failure to pay the Due Tax by the Due Date (under Article 100 of the Income Tax Law 2009) from line 160 of penalty calculation worksheet. A copy of penalty calculation worksheet is available at Appendix 14 of this Tax Guide.

### **Line 200 – Total Payment Due**

Add line 170 (Total Tax Due), line 180 (Failure to Deliver a Tax Return – Self Assessed Penalty) and line 190 (Failure to Pay the Due Tax by the Due Date). Enter the resulting amount at line 200 (Total Payment Due).

This is the total amount of payment the taxpayer pays at the bank.

### **Line 210 – Payment Due / Refund Due**

If the amount in line 190 is a positive amount, that is, there is an outstanding amount of tax still to be paid for the tax year, write 'Yes' next to 'Payment Due? Yes / No'.

If the amount in line 190 is zero, that is, there is no outstanding amount of tax still to be paid for the tax year and no refund due, write 'No' next to 'Payment Due? Yes / No'.

If the amount in line 190 is a negative amount, that is, the amount of tax paid is more than the amount of tax payable, write 'Yes' next to 'Refund Due? Yes / No'.

Refer to the Overview section of this Tax Guide for more information regarding Refunds.

## **4. Assessable Income Calculation (Page 3 of the Tax Return)**

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### **4.1 Introduction**

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Use this section of the tax return to calculate the amount of assessable income.

### **4.2 Taxpayer Information**

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Enter the taxpayer identification number and taxpayer name as entered in section 1 of the tax return.

### **4.3 Section 3: Assessable Income Calculation**

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The section consists of three parts:

- Assessable Income by Income Type; and
- A question on Exempt Income; and
- A question of connected persons (transfer pricing) receipts.

#### **4.3.1 Assessable Income by Income Type**

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Assessable Income is the total of receipts that are subject to tax. These are listed in the Income Tax Law 2009, and further explained in the Income Tax Manual. All assessable income has to be declared in the taxpayer's tax return.

#### **Line 310 - Gross Receipts or Sales**

Enter the total amount of receipts or sales derived from the business or industry activity of the taxpayer for the year. This is the full amount of receipts or sales, before any deductions are taken into consideration.

For taxpayers whose accounting is on an accrual basis, receipts or sales also means accrued receipts or sales.

A receipt does not have to be in the form of currency, coin, or money to be subject to taxation. The fair market value of property in whatever form or kind received as compensation is taxable income to the recipient.

### Example 1

Company A, an Afghan corporation owns and operates an electrical supply store in Kabul City. The store sells electrical generators, and appliances. Normally, Company A only accepts cash as payment. Once, however, Company A accepted a used car as payment for an electrical generator that typically sold for AFN 60,000. Even though Company A did not receive cash, Company A is treated as having received the equivalent of AFN 60,000. This amount is Assessable Income for Company A.

### **Line 320 – Inventory at Beginning of Year**

Enter the value (cost price at the time the inventory was purchased) of the inventory held by the taxpayer's business at the beginning of the tax year. If you are filing the return for the tax year 1389 enter the value of inventory as on 1st Hamal, 1389.

### **Line 330 – Purchases Less Cost of Items Withdrawn for Personal Use**

Enter the value of purchases made during the year, for sale or for use in manufacture within the business as supported with receipts, and counted as inventory at the end of the year. Any items withdrawn from the business for personal use have to be deducted from the value of the purchases entered in the tax return.

### Example 1

Company A, an Afghan corporation owns and operates a carpet store in Kabul. The store sells a variety of carpets that are manufactured throughout Afghanistan. The store buys AFN 1,000,000 worth of carpets as inventory during the year 1389. However, Azziz, the owner of Company A, withdraws AFN 1,000 worth of carpets during the year for his personal use.

Therefore Company A would enter AFN. 999,000 as the value of purchases on its tax return for 1389.

### **Line 340 – Add Line 320 and Line 330**

Add the amounts in line 320 (inventory at beginning of year) and line 330 (purchases less cost of items withdrawn for personal use). This is the value of inventory you have available to sell during the year.

### **Line 350 – Inventory at End of Year**

Enter the value (cost or market value, whichever is lower) of the inventory held by the taxpayer's business at the end of the tax year. If filing return for the year 1389, enter the value of inventory as on last day of Hoot 1389.

### **Line 360 – Cost of Goods Sold**

Subtract line 350 (inventory at the end of the year) from line 340 (total of inventory at beginning of year and purchases (less items withdrawn for personal use). This is the cost of the goods sold during the year by the taxpayer's business.

#### **Example 1**

Company A, an Afghan corporation owns and operates a carpet store in Kabul. The store sells a variety of carpets that are manufactured throughout Afghanistan.

1 Hamal, 1389 Inventory of carpets (cost)	
	(Line 320) AFN 100,000
1389 Purchase of carpets as inventory	AFN 1,000,000
1389 Carpets for personal use	AFN 1,000
Purchases less personal use (Line 330)	AFN 999,000
Sub-total ( <i>inventory available for sale</i> )	
(Line 340)	AFN 1,099,000

29 Hoot, 1389 Inventory of carpets (Line 350)	AFN	200,000
(Cost AFN 200,000; Market value	AFN	220,000
Taken lower of cost or market value i.e.	AFN	200,000)
29 Hoot, 1389 Cost of goods sold (Line 60)	AFN	899,000

### **Line 400 – Gross Profit**

Subtract line 360 (cost of goods sold) from line 310 (gross receipts or sales). This is the gross profit from receipts or sales.

#### **Example 1**

Using the information from Example 1 for Line 360, if Company A had the following figures during 1389:

Gross receipts or sales	(Line 310)	AFN 2,000,000
Cost of Goods	(Line 360)	AFN 899,000
Gross profit	(Line 400)	AFN 1,101,000

### **Line 410 – Dividends**

Enter the gross amount of dividends received by the taxpayer, inclusive of any taxes that have been withheld.

Dividends mean any distribution received from a company in money or in property and any benefit provided to shareholders in their capacity as shareholders including:

- Any tangible or intangible assets
- Shares in the company
- Discounts on any purchases from the company
- Loans to shareholders
- The use of any company property

A dividend may be taxable to the shareholders even though it is not formally declared. A dividend includes any benefit that is conferred on a shareholder to the extent that the conferring corporation has sufficient earnings.



### Example 1

Company A owns all of the issued stock of Company B, an Afghan corporation. Company B has accumulated AFN 10,000,000 in annual earnings. Company B operates two car rental centers, one in Kabul and another in Mazar-e-Sharif. The center in Mazar-e-Sharif allows Company A to use its rental cars at any time, free of charge. The manager of the Mazar-e-Sharif center estimates that the lost revenue at AFN 100,000 per year. Company A will be considered to receive a deemed dividend as a shareholder of Company B of AFN 100,000.

### **Line 420 – Foreign Income**

Enter the amount of gross income (prior to the deduction of any foreign taxes) derived from sources outside of Afghanistan. An Afghan resident taxpayer is subject to taxation under the Income Tax Law, even if the income is attributable to services performed outside of Afghanistan. The amount has to be entered on the tax return in the equivalent Afghani amount. The amount of foreign income declared in line 420 is used as part of the calculation of Foreign Tax Credits (line 90 of Section 2 of the tax return).

If the taxpayer is declaring foreign income, Schedule 7 – Foreign Tax Credit calculation, must be completed and attached to the Income Tax Return.

### Example 1

Company A, an Afghan domiciled corporation, has a business of providing consultancy services to a range of customers, including customers located in Pakistan. The income derived from consultancy services undertaken in Pakistan is subject to income tax in Afghanistan even though the activities that generated the income were performed outside of Afghanistan.

From the 1385 tax year onwards, foreign losses are deductible against future profits of the source outside of Afghanistan.

For more information refer to Appendix 7, Schedule 7 – Foreign Tax Credit Calculation. A copy of Schedule 7 is contained in Appendix 12 of the Tax Guide.

### **Line 430 – Interest**

Enter the gross amount of interest (inclusive of any taxes that have been withheld) from loans, deposits, investments and similar. The tax withheld by the payer is included at line 100 of section 2 of the Income Tax Return.

### **Line 440 – Rental Income**

Enter the gross amount of rental income received from any property owned by the taxpayer. Rental income must be declared, whether or not tax has already been withheld from the rent payments. The amount entered is the gross amount of rental income, that is, rent received by the taxpayer plus rent withheld by the tenant and paid to the Afghanistan Revenue Department. The tax withheld by the tenant is included at line 100 of section 2 of the Income Tax Return.

### **Line 450 – Royalties**

Enter the gross amount of royalties (inclusive of any taxes that have been withheld) from any property (movable and immovable) for example, buildings, machinery, used within Afghanistan. These are all considered to have an Afghan source. The tax withheld by the payer is included at line 100 of section 2 of the Income Tax Return.

### **Line 460 – Sale from sales, exchange or transfer of assets**

Enter the amount from line 7 of Schedule 9. Only gain is to be reported here if there is loss leave the line 460 blank.

For more information on calculation of Capital Gain or Loss please refer to Appendix 9 and Schedule 9 – Capital Gain or Loss of this Tax Guide.

#### **Note**

only total gain from the sale of assets needs to be entered at line 460. If there is an overall loss from the sale of assets this is to be reported at line 50 of Section 2 of Income Tax Return.

## **Line 470 – Miscellaneous Income**

This is a miscellaneous line for assessable income under the Income Tax Law that hasn't already been entered at one of the other lines in Section 3.

Under the Income Tax Law receipts subject to income tax includes:

- Salaries, wages, fees and commissions
- All receipts derived from business, industry, construction and other economic activities
- Receipts from the sale of movable and immovable property
- Interest, dividends, rents, royalties, awards, prizes, winning, gratuities, bonus payments ('bakhshishis')
- Distributive shares (portions) of partnership gross income
- Any other return from labor, capital or economic activity
- Income from other circumstances provided in the Income Tax Law
- Any other income for which there is no provision in the Income Tax Law

At line 470 enter the total of any assessable income that hasn't already been declared in any other line in Section 3. As with other parts of the tax return you need to support this entry with information and documentation if requested by the Afghanistan Revenue Department.

## **Line 500 – Total Assessable Income**

Add lines 400 through to line 470 to obtain the total assessable income. Enter this amount at line 500.

### **4.3.2 Exempt Income**

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Exempt income is income that is not subject to income tax under the Income Tax Law or under an approved international agreement with the Government of Afghanistan. This includes:

- Grants, gifts and awards of the State
- Grants, gifts and awards of foreign governments, international organizations or nonprofit organizations for contributions to science, art, literature, social progress and international understanding
- All scholarships, fellowships and grants for professional and technical training
- Health, accident and unemployment insurance benefits
- Life insurance paid on death
- Compensation or damages for personal injuries or sickness or restitution of reputation
- Proceeds of borrowing
- Proceeds of issues of stocks and bonds by companies
- Acquisition of property in connection with mergers of domestic corporations and other legal entities
- Acquisition of movable or immovable property through expropriation of the property of debtors by creditors
- Payments on principal received from debtors
- Interest on bonds issued by the State and by municipalities; and
- Other exempt receipts according to the provisions of the Income Tax Law.

For additional information on what is classified as exempt income, refer to the Income Tax Manual.

### **Line 550 – Exempt Income Question**

If you received exempt income during the tax period, you must declare the total amount of exempt income received at line 550 of Section 3. Details of exempt income should be prepared and retained for discussion with the Afghanistan Revenue Department at the time of an audit.

If you did not receive exempt income during the tax period, you need to write 'Nil' at line 550 of Section 3.

## **Line 600 – Connected Persons (Transfer Pricing) Questions**

If you received any payments from connected persons during the tax period, you need to write the total amount received from such connected persons at line 600.

For information on connected persons (transfer pricing), refer to Appendix 5, Receipts or Payments with a Connected Person (Transfer Pricing).

If you have declared an amount at line 600, you must complete Schedule 5 and attach it to your Tax Return. A copy of Schedule 5 is contained in Appendix 12 of this Tax Guide.

If you did not receive payments from a connected person during the tax period, you need to write 'Nil' at line 600.

### **4.4 Taxpayer Declaration**

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This section of the form contains the Declaration from Taxpayer's Authorized Officer that the information contained in the form is true and accurate and that the relevant books, records and source documents have been kept. An agent of the taxpayer, for example, the taxpayer's accountant, may sign on behalf of the taxpayer. However the taxpayer is still accountable for the contents of the tax return, even when the taxpayer declaration has been signed by the agent.

#### **Authorized Officer Signature**

The authorized officer must sign their name in this space.

#### **Date**

The date the Annual Income Tax Return has been signed by the authorized officer is entered here.

### **Authorized Officer Name**

The printed name of the authorized officer is entered here. This needs to be printed clearly and legibly.

### **Authorized Officer Position**

The position of the authorized officer within the corporation or Limited Liability Company is entered here. This is usually the corporate president, vice president or finance manager of the business or, if the business is a foreign company, it is the local agent or representative.

### **Have Your Accounts Been Externally Audited**

Indicate whether or not your accounts have been externally audited by a registered auditor by writing Yes or No in the shaded box.

### **Approved Substitute Accounting Period?**

Indicate whether or not the Revenue Department has approved a substituted accounting period for your company by writing 'Yes or No' in the shaded box. You must have approval in writing, from the Afghanistan Revenue Department before you can use a substituted accounting period.

### **Period**

If you answered 'Yes' to the above question, indicate what your approved substituted accounting period is. Indicate the "From" and "To" periods.

## **5. Allowable Deductions Calculation (Page 4 of the Tax Return)**

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### **5.1 Introduction**

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Use this section of the tax return to calculate the amount of allowable deductions.

### **5.2 Taxpayer Information**

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Enter the taxpayer identification number and taxpayer name as entered in Section 1 of the tax return.

### **5.3 Section 4: Allowable Deductions Calculation**

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Allowable deductions are ordinary and necessary expenses of production, collection, and preservation of income of the taxpayer, which are allowed by provisions of the Income Tax Law to be deducted from receipts or sales. They are expenses and costs ordinarily incurred in the production or earning of income.

The expenses either must have been incurred during the taxable year, or one of the three previous years, in accordance with the provisions of the Income Tax Law 2009. Allowable deductions are explained further in the Income Tax Manual.

Deductible expenses include:

- Expenses related to the cost of production or trade and business, for example, insurance and freight expenses
- Supplies, materials, fuel, electricity, water and ordinary and necessary expenses used in the production of income, or in trade or business
- Wages, salaries, commissions and fees paid for services rendered by employees in trade or business
- Interest paid on business loans
- Rent paid on property necessary to and used in trade or business (if a property is used partly for business and partly for private purposes, the rent payment needs to be reflect only the business part is a deductible expense)
- Cost of repairs and maintenance of properties and equipment necessary to and used for purposes of the business or trade

- Depreciation of movable and immovable property (except agricultural land) used in a trade or business or held by the producer for the production of income in accordance with the Income Tax Manual. The total of deductions for depreciation of any item of property over a period of years shall not exceed its cost to the taxpayer. However, a natural or legal person will not be entitled to claim depreciation for that part of the cost of an asset which the person does not withhold tax from the payment for that asset in accordance with Article 72 of the Income Tax Act 2009
- Any tax or charge that is a necessary expense of doing business, holding property for income, or of producing income, if paid or accrued during the taxable year. Taxes imposed by the Income Tax Law and taxes not qualifying as necessary business expense are not deductible, except as otherwise provided by the Income Tax Law (for example, Business Receipts Tax)
- Damages to movable and immovable property caused by fire, earthquake, and by casualty or disaster of any kind, over a three year period, to the extent the cost is determined and substantiated by records and the loss was not recovered by insurance (this deduction should be entered at Line 670 of Section 4)
- Losses in business or trade from bad debts according to the Income Tax Manual
- Dividends paid in money by a legal entity organized under the laws of Afghanistan; and
- Other expenses of doing business and of holding movable or immovable property for the production of income under relevant legislative documents.

Some expenses and costs that may have been incurred, but that are not ordinary and necessary expenses, are not deductible for the purpose of income taxation. Therefore, the profit or net income of a business may be less according to the records of the owner than net income determined in accordance with the Income Tax Law.



Examples of non-deductible expenditures are:

- Gifts
- Illegal expenditures (for example, bribes);
- Donations
- Income taxes
- Additions to reserves that are not required by law or that cannot be justified from experience
- Any excessive amount added to a reserve required by law, or justifiable from experience
- Cost of goods purchased but used by the owners or employees for personal or household purposes and not sold
- Cost of goods purchased but subsequently returned to supplier or manufacturer for a refund
- Cost and expense of providing benefits for the owners, officers, and management that are not necessary for the conduct of the business
- Cost of acquiring land, buildings, durable items such as machinery, equipment, fixtures and furniture, or costs of additions or improvements to these items. Allowable depreciation expenses are excluded from this section
- Additions to reserves for contingencies, bad debts, and other similar purposes
- Taxes paid to foreign countries by non-resident persons on income from sources within Afghanistan, except as provided by an existing treaty
- Taxes imposed by the Income Tax Law and taxes not qualifying as necessary business expense are not deductible, except as otherwise provided by the Income Tax Law.

#### Example 1

A corporation has a net income in the taxable year of AFN 800,000. During the taxable year it paid income taxes of AFN 120,000 on income received during the previous year. This amount is not deductible nor is the income tax for the current year deductible.

## Example 2

Company A is wholly owned by one shareholder. Company A is an automobile dealer. Company A purchases 10 automobiles for resale at a cost of AFN 160,000. The owner of Company A keeps two of the automobiles for his family's use and sells eight at an average price of AFN 200,000.

If all the purchases were allowed as a deduction, profit would be understated.

a. Sales receipt (8 x AFN 200,000)	AFN	1,600,000
b. Cost of purchase (10 x AFN 160,000)	AFN	1,600,000
c. Gross profit		none

Whereas the correct statement would be:

a. Sales receipt (8 x AFN 200,000)	AFN	1,600,000
b. Cost of purchase less 2 automobiles for personal use (8 x AFN 160,000)	AFN	1,280,000
c. Gross profit	AFN	320,000

In addition to the above list of non-deductible expenditures, no deductions are allowed for the following expenses:

- Expenses incurred to provide entertainment or advertising that are not connected to economical or commercial activities
- Dividends, interests, royalties, rents, commissions, wages, salaries, payments to contractors and similar expenses from which legal persons are required under provisions of the Income Tax Law to withhold tax but have failed to do so; and
- In the case of a branch in Afghanistan of a non-resident person, any expenses paid or incurred to the non-resident person or any person connected to the non-resident person.

Personal expenses are not deductible. Personal expenses include:

- Payments made to persons for his or his family's benefit and enjoyment
- Expenses and costs of maintenance, repair, construction, improvement, furnishing, and other expenses of the taxpayer's or his family's house or residence or any property devoted to his personal or family's use
- Interest on personal loans
- Costs of commuting to and from work and cost of travel for personal purposes
- Cost of life, accident, health, and liability insurance for the protection of the taxpayer and his family
- Cost of insurance of any kind for the protection of property used for personal purposes.

### **Line 610 – Advertising and Entertainment**

Enter the total amount of advertising and entertainment expenses during the year, excluding any advertising and entertainment expenses not directly related to economic or commercial activities.

### **Line 620 – Bad Debts**

Enter the total amount of receivables (amounts owed to the taxpayer from sales or receipts) that have been written off as bad debts, that is, not recoverable.

A taxpayer will be allowed a deduction in a tax year for a bad debt if the following conditions are satisfied: the

- Amount of the debt was previously included in the taxable income of the taxpayer
- Debt is written off in the accounts of the taxpayer during the tax year; and, the
- Taxpayer has reasonable grounds for believing that the debt will not be recovered.

This requirement will not apply to a bank entitled to a deduction for additions to reserves against losses in accordance with Article 56 of the Income Tax Law 2009.

Example:

Ahmad Advertising Company provides advertising services for newspapers and radio. Ahmad Advertising Company has an arrangement with Shiraz Restaurant where Ahmad Advertising Company places advertisements each month in the newspaper and on the radio and then sends an invoice for AFN 5,000 to Shiraz Restaurant for payment. One month, Shiraz does not make the payment. Ahmad Advertising Company cancels the arrangement. Ahmad Advertising Company, being required to account on the accrual basis and having provided the advertising services, has already included the amount of AFN 5,000 in its income. Ahmad Advertising Company attempts to collect the money. It makes phone calls and sends a letter to Shiraz Restaurant but receives no payment. Eventually, Shiraz Restaurant closes its business. Ahmad Advertising Company has reasonable grounds for believing that the debt will not be recovered. It may treat the amount as a bad debt and claim an income tax deduction for the amount not received.

### **Line 630 – 2% Business Receipts Tax Paid or Payable**

Enter the amount of two percent BRT paid or payable for the tax year. Enter the amount at line 630 from line 60 of Schedule 3 (available at Appendix 3 of the Tax Guide).

Business Receipts Tax paid or payable is a deductible expense in computing taxable income for the same taxable year.

For additional information regarding two percent BRT, refer to Appendix 3 of this Tax Guide or Guide 03, 2% and 5% Business Receipts Tax.

### **Line 640 – 5% Business Receipts Tax Paid or Payable**

Enter the amount of five percent BRT paid or payable for the tax year. Enter the amount at line 640 from line 210 of Schedule 3 (available at Appendix 3 of the Tax Guide).

Business Receipts Tax paid or payable is a deductible expense in computing taxable income for the same taxable year.

For additional information regarding five percent BRT, refer to Appendix 3 of this Tax Guide or Guide 03, 2% and 5% Business Receipts Tax.

### **Line 650 – 10% Business Receipts Tax Paid or Payable**

Enter the amount of 10 percent BRT paid or payable for the tax year. Enter the amount at line 650 from Line 20 of Schedule 4 (available at Appendix 4 of the Tax Guide).

Business Receipts Tax paid or payable is a deductible expense in computing taxable income for the same taxable year.

For additional information regarding 10 percent BRT, refer to Appendix 4 of this Tax Guide or Guide 03, Business Receipts Tax.

### **Line 660 – Car and Truck Expenses**

Calculate the amount of car and truck expenses related to the production, collection and preservation of income, incurred during the taxable year. Car and truck expenses could include minor repair work on the vehicle, replacement of tires, routine engine maintenance but does not include capital improvements or expenses which add to the capital value of the assets. Enter this amount at line 660.

### **Line 670 – Casualty Losses**

Casualty Losses are damages to movable and immovable property caused by fire, earthquake, and by casualty or disaster of any kind, that are not recovered by insurance.

These losses can be claimed, one-third each year, over a three year period.

The Casualty Loss worksheet at Appendix 10 of this Tax Guide must be used to calculate the amount of Casualty Loss able to be claimed. A copy of Casualty Loss worksheet is available at Appendix 14 of this Tax Guide.

A copy of the worksheet must be kept with the taxpayer's records. It does not need to be attached to the Annual Income Tax Return.

### **Line 680 – Commissions and Fees**

Enter the amount of commissions and fees paid for services that are ordinary and necessary costs and expenses.

### **Line 690 – Ordinary Depreciation**

Enter the amount of ordinary depreciation expense from line 200 of Schedule 1 – Ordinary Depreciation (available at Appendix 14 of the Tax Guide).

For additional information regarding Ordinary Depreciation, refer to Tax Guide Appendix 1, Schedule 1- Ordinary Depreciation and Appendix 11 Depreciation worksheets.

### **Line 700 – Accelerated Depreciation**

Enter the amount of accelerated depreciation expenses from line 100 of Schedule 2 – Accelerated Depreciation (available at Appendix 14 of the Tax Guide).

For additional information regarding Accelerated Depreciation refer Appendix 2, Schedule 2 – Accelerated Depreciation and Appendix 11, Depreciation Worksheets.

## Line 710 – Dividends Paid

Enter the amount of dividends paid in money by the taxpayer. The taxpayer in this situation must be a legal entity organized under the laws of Afghanistan.

A dividend is any distribution of money or assets made by the taxpayer to its shareholders or partners from earnings.

Dividends are subject to the following provisions:

- Dividends paid in cash by the taxpayer are deductible from the income of the taxpayer who makes the payment. However, the payment is not deductible when tax has not been withheld and paid to the Afghanistan Revenue Department
- Dividends paid in the form of securities of any kind are not deductible from income of the taxpayer
- Dividends paid in money are taxable income of the recipient at the time received, but dividends in the form of securities of any kind are not considered taxable income of the recipient at the time received. However, the proceeds of the sale, exchange, repayment or transfer of the securities are taxable income.

### Note

If an amount is written off as a bad debt, but the debtor subsequently pays some or the entire amount written off, then this amount will be treated as income.

### Example 1

Adib and Wahid each own 50 shares of the issued stock of an Afghan corporation, Company A. Company A has 100 shares outstanding. Company A has AFN 1,000,000 of accumulated profits. Company A issues an extra share of its stock to Adib and Wahid. Each share is worth AFN 9,000. Company A cannot deduct any amount.

### Example 2

Adib and Wahid each own 50 shares of the issued stock of an Afghan corporation, Company B. Company B has 100 shares outstanding. Company B has AFN 1,000,000 accumulated

earnings. Company B distributes a promissory note to each of Adib and Wahid. The promissory notes each have a principal amount of AFN 10,000. Company B cannot deduct the value of the notes from its taxable income.

### Example 3

Adib and Wahid each own 50 shares of the issued stock of an Afghan corporation, Company C. Company C has 100 shares outstanding. Company C has AFN 1,000,000 accumulated earnings. Company C owns 200 shares of another corporation called Company D. Company C distributes the 200 shares of Company D stock to Adib and Wahid. Each share of Company D stock is worth AFN 10. Company C can deduct the value of the Company D shares that it distributes from its taxable income. The Company D shares are treated just like any other item of property.

### Example 4

Adib and Wahid each own 50 shares of the issued stock of an Afghan corporation, Company E. Company E has 100 shares outstanding. Company E has AFN 1,000,000 accumulated earnings. Company E owns notes that were issued by another corporation called Company F. The notes have a value of AFN 200,000. Company E distributes the AFN 200,000 notes to Adib and Wahid. Company E can deduct the value of the Company F notes that it distributes from its taxable income. The Company F notes are treated just like any other item of property.

Dividend paid is the sum of:

- The dividend in money paid to the shareholder; plus
- The tax withheld and paid to the State (Government).

Therefore when paying a dividend in money, 80 percent is paid to the shareholder and 20 percent to the State.



Foreign companies may choose to conduct business in Afghanistan either through a branch (not incorporated in Afghanistan) or through a subsidiary (incorporated in Afghanistan). The rate of tax on branch profits is the same as for withholding on dividends – 20 percent. The distribution of branch profits from a branch in Afghanistan to another part of the non-resident company is deemed to be a dividend and subject to withholding tax at the rate of 20 percent.

In making the determination of whether a payment has been made, due regard shall be given to the books and records of the branch. If a branch operation generates profits during the year, and those profits are not reflected as earnings on the balance sheet at the end of the year, a dividend will be deemed to have been distributed. This deemed dividend will be subject to all applicable withholding taxes.

For more information on Dividend reporting requirements refer to the Tax Manual.

### **Line 710a – Tax Withheld from Dividends Paid?**

Has any tax been withheld from the dividends paid? Enter Yes or No at line 710a.

The tax withheld should have been paid to the Ministry of Finance no later than 10 days after the end of the month in which it was paid. A form is available from the for payment of withholding tax on dividends, interest and royalties as well as a separate form for annual reporting are available from the Afghanistan Revenue Department.

For more information on dividends, interest and royalties withholding refer to the Income Tax Manual and/or Guide 10, Withholding Tax for Interest, Dividends and Royalties.

## **Line 720 – Foreign Losses**

Were there foreign losses? Enter Yes or No at line 720.

Do not enter the amount of foreign losses at this line. Only write Yes or No.

Foreign losses cannot be deducted against income from business activities conducted in Afghanistan. Foreign losses must be quarantined against foreign income. Foreign losses will only be deductible against the future profits of those foreign operations and will not be deductible against the current profits of domestic business activities.

If there are foreign losses, Schedule 7 – Foreign Tax Credit Calculation must be completed and a copy attached to the Income Tax Return.

For more information on treatment of Foreign Losses, refer to Appendix 7, Schedule 7 – Foreign Tax Credit Calculation. Schedule 7 is available at Appendix 14.

## **Line 730 – Insurance**

Enter the amount of insurance premiums paid for insurance of property used for the production, collect and preservation of income. These are a legitimate cost of doing business and are fully deductible.

## **Line 740 – Interest**

Enter the amount of interest paid on business debts. Interest paid on business debts is deductible but interest paid on personal debts is not deductible. A personal debt is one incurred for purchase of goods and services or property for personal consumption and use. A business debt is one incurred for purchase of land, buildings, equipment, goods,

etc. for leasing, resale, production of goods and services, and other business purposes.

Interest paid is the sum of the:

- Interest paid to the lender; plus the
- Tax withheld and paid to the State (Government).

Therefore, when paying interest, 80 percent is paid to the lender and 20 percent to the State. For more information on Interest reporting requirements refer to the Income Tax Manual.

#### **Line 740a – Tax Withheld from Interest Paid**

Has any tax been withheld from the interest paid? Enter Yes or No at line 740a.

For more information on dividends, interest and royalties withholding refer to the Income Tax Manual and/ or Guide 10, Withholding Tax for Interest, Dividends and Royalties.

#### **Line 750 – Legal and Professional Services**

Enter the amount of legal and professional services incurred in the production, collection and preservation of income of the taxpayer. Examples include accounting services, auditing services, and legal services.

#### **Line 760 – Office Expenses**

Enter the amount of office expenses incurred in the production, collection and preservation of income of the taxpayer. Examples include stationery, computer and printer consumables, office cleaning supplies, etc.

#### **Line 770 – Repairs and Maintenance**

Enter the amount of repairs and maintenance incurred in the production, collection and preservation of income of the taxpayer. The types of expenses will vary depending on the type of business of the taxpayer. Repairs and maintenance are not

of a capital nature, that is, they do not add to the capital value of an asset. An example of a repair or maintenance is painting a building whereas a capital improvement would be adding a new room to a building.

### **Line 780 – Rent or Lease Payments**

Enter the amount of rent or lease payments incurred in the production, collection and preservation of income of the taxpayer. An example is the lease payments paid for a factory used for the production of goods sold by the taxpayer.

Rent paid is the sum of the:

- Rent paid to the landlord; plus the
- Tax withheld and paid to the state (Government).

In certain cases it may be unclear whether a transaction involves the lease of property or whether it involves the loan of money secured by an interest in property.

In making this determination, the Afghanistan Revenue Department shall consider a number of relevant facts and circumstances. The primary factor shall be the ownership of legal title to the underlying property.

If a transaction results in the legal owner of an item of property receiving payment for the use of that property, the transaction will be presumed to be a “lease”.

If a transaction results in the transfer of legal ownership of the underlying property in exchange for payment, the transaction will be presumed to be a “sale”. However, the word ‘presumption’ is important

If the lease term exceeds 12 months and one or more of a number of factors exists, the transaction for tax purposes instead will be considered a “financing lease”.

### Note

If some of the employees choose to drive their own cars to the project site, they cannot deduct the cost of traveling to and from work from their income when filing their individual income tax returns.

This determination will have an impact on a number of taxation areas, including income and various deduction types. Refer to the Income Tax Manual for more detailed information.

### **Line 780a – Tax Withheld from Rent or Lease Payments Paid**

Has any tax been withheld from the rent or lease payments paid? Enter Yes or No at line 780a.

### **Line 790 – Royalties and other related expenses**

Enter the amount of royalties and other related expenses paid as a necessary expenses of doing business, holding property for income, or of producing income.

Royalties paid is the sum of the:

- Royalty paid to the owner; plus the
- Tax withheld and paid to the State.

Therefore when paying royalty payments, 80 percent is paid to the owner and 20 percent to the State as tax withheld. For more information on royalty payment reporting requirements refer to the Income Tax Manual.

### **Line 790a – Tax withheld from royalties paid**

Has any tax been withheld from the royalties paid? Enter Yes or No at line 790a.

For more information on dividends, interest and royalties withholding refer to the Income Tax Manual and/ or Guide 10, Withholding Tax for Interest, Dividends and Royalties.

### **Line 800 – Supplies**

Enter the amount paid for supplies that are ordinary and necessary expenses used in the production, of income or in a trade or business.

**Line 810 – License fees and other deductible taxes paid**

Any tax or charge that is necessary expense of doing business, holding property for income, or of producing income, if paid or accrued during the taxable year is deductible. This includes the two percent tax on imports. Excluded from this are taxes imposed by the Income Tax Law and taxes not qualifying as necessary business expense. These are not deductible, except as otherwise provided by the Income Tax Law. Enter the amount of taxes and licenses at line 810.

**Example 1**

A tax of AFN 20,000 is paid by Company A to a municipality on commercial property leased to a tenant for AFN 120,000 per year. This tax is deductible from rental income. If depreciation and repair expenses are not clearly established and no other deductible expenses were incurred, the net income from this property would be:

a.	Gross rent	AFN 120,000
b.	Municipal tax	AFN -20,000
c.	Net income	AFN 100,000

Therefore Company A would enter AFN 20,000 at line 810.

**Line 820 – Travel and Meals**

Enter the amount of travel and meals paid as a necessary expense of doing business, holding property for income, or of producing income.

**Example 1**

A construction company which is building a dam some distance from any town finds that it must provide transportation between the nearest town and the construction site each day to induce laborers to work at the project site. This is a

legitimate expense of doing business and the company may deduct the cost of providing such transportation.

### **Line 830 – Utilities**

Enter the amount of utility expenses paid as a necessary expense of doing business, holding property for income, or of producing income. Utilities include electricity, water, gas, fuel, and similar recurring items consumed .

### **Line 840 – Wages**

Enter the amount of wages expenses paid as a necessary expense of doing business, holding property for income, or of producing income. Wages includes wages and salaries, and includes such items as regular pay, bonuses, over-time pay, retroactive increases, and other valuable considerations paid by the employer in money or other forms.

#### **Example 1**

An employee works for a company A for a monthly salary of AFN 4,000. In Qaus, he receives a promotion and his salary is increased to AFN 4,200, effective as of Meezon 1. At the end of the year, Company A pays each employee a bonus of five percent of his salary. In reporting the salary paid to the employee, Company A must include all of these items, and the employee must report them on his income tax return as follows. Company A can claim a deduction for all items on their Annual Tax Return.

a.	Salary (first 6 months) (6 x AFN 4,000)	AFN 24,000
b.	Salary (second 6 months) (6 x AFN 4,200)	AFN 25,200
c.	Total 12 months' salary	AFN 49,200
d.	Five per cent of yearly salary at the end of the year (5% of AFN 49,200)	AFN 2,460
e.	Total deduction for Company A	AFN 51,660

Payment by the employer of the personal income tax of the employee is payment of additional salary or wages, and is deductible as a Wages expense at line 840.

Wage paid is the sum of the:

- Wage paid to the employee; plus the
- Tax withheld and paid to the State.

The amount, if any, of taxes withheld from wages is assessed on an individual employee basis, depending on their monthly (or equivalent) wages. The amount of tax withheld for an employee can vary between zero percent, two percent, 10 percent and 20 percent.

For more information on wages payment reporting requirements refer to the Income Tax Manual.

### **Line 840a – Tax Withheld from Wages Paid**

Has any tax been withheld from the wages paid? Enter Yes or No at line 840a.

For more information on wages payment reporting requirements refer to the Income Tax Manual and/ or Guide 05, Wage Withholding Tax.

### **Line 850 – Miscellaneous Allowable Deductions**

Enter here any allowable deductions under the Income Tax Law that haven't already been entered at one of the other lines in Section 4. You must be able to provide supporting documentation for all deductions, including any included at this line.



## **Line 900 – Total Allowable Deductions**

Add lines 610 through to line 850 to obtain the total allowable deductions. Enter this amount at line 900.

## **Line 950 – Connected Persons (Transfer Pricing) Question**

If you had any transactions with the connected person during the tax period, you need to write the total amount transacted at line 950.

For information on connected person (transfer pricing), refer to Appendix 5, Receipts or Payments with a Connected Person (Transfer Pricing).

If you declare an amount at line 950, you must complete Schedule 5 and attach it to your Tax Return. A copy of Schedule 5 is available at Appendix 14 of this Tax Guide.

If you did not have any transaction with the connected person during the tax period, you need to write 'Nil' at line 950.

## **Line 960 – Foreign Branch / Head Office Question**

If you had any transactions with a foreign branch or foreign head office, during the tax period, you need to write the total amount transacted at line 960.

For information on Deemed Dividend, refer to Appendix 6, Payments or Amounts incurred to a Foreign Branch or Foreign Headquarters (Deemed Dividends).

If you declare an amount at line 960, you must complete Schedule 6 and attach it to your Tax Return. A copy of Schedule 6 is available at Appendix 14 of this Tax Guide.

If you did not have any transaction with the connected person during the tax period, you need to write 'Nil' at line 960.

## Appendix 1: Depreciation Overview and Schedule 1 – Ordinary Depreciation

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### A1.1 Introduction

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*Schedule 1 – Ordinary Depreciation* is used to calculate the amount of Ordinary Depreciation expense. The total of Schedule 1 shown at line 200 is entered at line 690 (ordinary depreciation) in Section 4 (Allowable Deductions Calculation) of your Income Tax Return.

If you are claiming a deduction for ordinary depreciation, you must complete Schedule 1 – Ordinary Depreciation and attach it to your Income Tax Return. Retain a copy of Schedule 1 for your records.

Schedule 1 – Ordinary Depreciation is available in Appendix 14: Schedules and Worksheets.

#### A1.1.1 Which Depreciation Schedule to Use?

*Schedule 1 – Ordinary Depreciation* or *Schedule 2 – Accelerated Depreciation*

*Schedule 1 - Ordinary Depreciation* is a summary of your depreciation worksheets or asset register for those assets that are depreciated at the ordinary depreciation rates.

*Schedule 1 – Ordinary Depreciation*, excludes accelerated depreciation.

*Schedule 2 - Accelerated Depreciation* is a summary of your depreciation worksheets or asset register for those assets that are depreciated at the accelerated depreciation rates.

*Schedule 2 – Accelerated Depreciation*, excludes ordinary depreciation.

All taxpayers, *except* Registered Enterprises, calculate depreciation using the ordinary depreciation percentages and standards (Schedule 1).

A Registered Enterprise calculates depreciation for certain capital assets using the accelerated depreciation percentages and standards (Schedule 2). A Registered Enterprise is an enterprise registered under the Law Private Investment in Afghanistan (as amended December 6, 2005). The accelerated depreciation deduction only applies to capital assets acquired and first used in the year in which the enterprise became an approved enterprise or registered enterprise (whichever is earlier) or in the following two years.

For more information on ordinary and accelerated depreciation, refer to Income Tax Law 2009 and Income Tax Manual.

You may keep your asset records in an asset register, or you may decide to use the depreciation worksheet attached to this guide as a simplified way of maintaining asset records.

A generic depreciation worksheet is attached to Appendix 14: Schedules and Worksheets: Instructions on how to complete the worksheet are contained in Appendix 11 - Depreciation Worksheets. If the depreciation worksheet is used, a separate depreciation worksheet needs to be completed for each category of property or assets.

### **A1.1.2 Depreciation of Property**

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Depreciation of movable and immovable property (except agricultural land) used in a trade or business or held by the producer for the production of income is a deductible expense. The total of deductions for depreciation of any item of property over a period of years shall not exceed its cost to the taxpayer.

Depreciation shall not be allowed unless you have clearly established the cost of the property being depreciated. Any cost established for purposes of claiming depreciation expense is binding on you for the purpose of determining gain from sale of the same property.

When the cost of depreciable business assets is determined from documentary evidence, the depreciation expense that may be deducted each year is subject to the following provisions:

- All institutions and agencies are required to observe the percentages and standards outlined in the Income Tax Manual with respect to the depreciation of their buildings, machinery, and other supplies
- The percentage shall be based on the cost
- For mining and industrial operations, the percentages and standards not mentioned in the Income Tax Manual shall be established by the Ministry of Mines and Industries at appropriate times and brought to the attention of institutions and agencies
- Depreciation is an annual allowance. If you fail to deduct or deduct an understated amount for one taxable year, you may not deduct the depreciation omitted or the amount understated in another year.

The percentages contained in the Income Tax Manual are listed in *Schedule 1 – Ordinary Depreciation and Schedule 2 – Accelerated Depreciation* and are shown below.

No.	Asset	Useful Life (in years)	Annual Percentage Allowed
I.	Brick or stone structures	50	2
2.	Loam structures	20	5
3.	Wooden structure	10	10
4.	Machinery and equipment not otherwise specified below	10	10
5.	Mining equipment	6.5	15
6.	Tools	4	25
7.	Printing equipment and machines	2	50
8.	Handicraft machines	3	33
9	Metallurgical machines	10	10
10.	Carpets	10	10
II.	Rugs and other furnishings	4	25
12.	Chairs, seats, and sofas	4	25
13.	Desks, tables, and cabinets	10	10

14.	Office equipment (calculators, typewriters, telephones, etc.)	6.5	15
15.	Bicycles	5	20
16.	Trucks	2	50
17.	Cars	4	25
18.	Tires and tubes	2	50
19.	Sacks	2	50
20.	Impure iron stoves and pipes	10	10
21.	Iron stoves	2	50
22.	Carriages, animal carts, and handcarts	3	33
23.	Construction machines, rollers, and mixers	5	20
24.	Computers and computer related equipment	3	33
25.	Televisions, radios, cellular phones	3	33
26.	Telecommunications equipment / cell towers	7	14

Under self-assessment, if you determine that the currently available depreciation rates or classifications are unsuitable for your respective assets types or asset usage, you may select a more appropriate depreciation rate and classification as long as it meets generally accepted accounting standards and principles. You would need to be able to support this decision with the Afghanistan Revenue Department upon request.

There are apportionment rules for the depreciation claimable under Ordinary Depreciation and under Accelerated Depreciation.

If you did not own or use the asset for a full tax year, the amount of depreciation must be apportioned. The apportionment method varies depending on whether Ordinary Depreciation or Accelerated Depreciation is being used.

For Ordinary Depreciation, the amount of depreciation is apportioned based on the number of months you own or use the asset for the production of income. If the amount of time in a month is less than 15 days, that month is not counted.

### Example 1

Company A purchases an asset on 20 Hamal, 1389 that is used for the production of income during the year of income. Company A depreciates the asset using Ordinary Depreciation. Because Company A owned the asset for less than 15 days in Hamal, Company A cannot claim a deduction for depreciation for this month and their annual depreciation claim must be apportioned. Company A can only claim a depreciation deduction for the asset equivalent to 11/12ths of a full year's depreciation.

### Example 2

Same details as for Example 1, except Company A purchases the asset on 5 Hamal, 1389. As the asset was owned for more than 15 days in Hamal, Company A can claim a deduction for depreciation for the full year.

For Accelerated Depreciation, the amount of depreciation is apportioned based on whether the asset was purchased and first used in the first half or the second half of the tax year.

If the asset was purchased and first used in the first half of the year, then a full year's depreciation, at the accelerated rate, can be claimed.

If the asset was purchased and first used in the second half of the year, then the taxpayer will be entitled to claim one-half of the annual depreciation at the accelerated rate for that property in that year

If as a result of this rule, the taxpayer has not fully depreciated the property in the two fiscal year or four fiscal year period, then the remaining depreciation can be claimed in the immediately succeeding year

### Example 3

Company B purchases an asset on 20 Hamal, 1389. Company B depreciates the asset using Accelerated Depreciation. Because Company B purchased and first used the asset in the first half of the tax year, it can claim a deduction for the full year's depreciation.

### Example 4

Same details as for Example 3, except Company B purchases and begins to use the asset on 1 Aqrab, 1389. In this case, Company B can only claim a deduction for one half of the annual depreciation for the property in that year because the asset was purchased and first used in the second half of the year.

## **A1.2 Completing Schedule 1 – Ordinary Depreciation**

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### **A1.2.1 Taxpayer Information**

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This section of the schedule is a repeat of the taxpayer identification number and taxpayer name, entered in section 1, Taxpayer Information, of your Income Tax Return.

### **A1.2.2 Ordinary Depreciation**

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#### **Line 10 – 2-Year Property (50% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have two-year useful lives. They are:

- Printing letters
- Trucks

- Tires and tubes
- Sacks; and
- Iron Stoves

### **Line 20 – 3-Year Property (33% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have three-year useful lives. They are:

- Handicraft machines
- Carriages, animal carts and handcarts
- Computers and computer related equipment; and
- Televisions, radios, cellular phones.

### **Line 30 – 4-Year Property (25% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have four-year useful lives. They are:

- Tools
- Rugs and other furnishings
- Chairs, seats and sofas; and
- Cars.

### **Line 40 – 5-Year Property (20% Rate)**

Enter the total deduction for decline in value (depreciation) from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.



The types of assets in this category are considered to have five-year useful lives. They are:

- Bicycles; and
- Construction machines, rollers and mixers.

#### **Line 50 – 6.5-Year Property (15% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have 6.5-year useful lives. They are:

- Mining equipment; and
- Office equipment (calculators, typewriters, telephones, etc).

#### **Line 60 – 7-Year Property (14% Rate)**

Enter the total deduction for decline in value (depreciation) from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have seven-year useful lives. They are:

- Telecommunications equipment / cell towers.

#### **Line 70 – 10-Year Property (10% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have 10-year useful lives. They are:

- Wooden structures
- Machinery and equipment not otherwise specified
- Metallurgical machines
- Carpets
- Desks, tables and cabinets; and
- Impure iron stoves and pipes.

#### **Line 80 – 16.5-Year Property (6% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

This rate only applies to:

- Machinery and equipment purchased before 1 Hamal, 1386.

#### **Line 90 – 20-Year Property (5% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have 20-year useful lives. They are:

- Loam structures.

#### **Line 100 – 50-Year Property (2% Rate)**

Enter the total deduction for depreciation from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have 50-year useful lives. They are:

- Brick or stone structures.

### **Line 110 – Line 160 – Self Assessed Rate and Classification**

Under self-assessment if you decide that the currently available depreciation rates or classifications are unsuitable for your asset types or asset usage, you may select a more appropriate depreciation rate and classification. However the self-assessed rate and classification must meet the generally accepted accounting standards and principles. For example, it is not acceptable to use a different rate or classification just because a foreign branch or head office uses a different rate or classification. The reason for using a self assessed rate or classification is a case by case decision based on using the assets in Afghanistan. You must be able to support this decision with the Afghanistan Revenue Department upon request.

Enter the total deduction for the decline in value (depreciation) from the depreciation worksheet or asset register for the assets using the self-assessed rate. If you do not have any assets that are being depreciated at self-assessed rates, leave these lines blank.

### **Line 200 – Total Ordinary Depreciation for All Assets**

Add the amounts at lines 10 through to line 160 to obtain the total ordinary depreciation for assets.

Enter this amount at:

- Line 200 of this schedule, and
- Line 690 (ordinary depreciation) in Section 4 (Allowable Deductions Calculation)

## Appendix 2: Schedule 2 – Accelerated Depreciation

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### A2.1 Introduction

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*Schedule 2 – Accelerated Depreciation* is used to calculate the amount of Accelerated Depreciation expense. The total of Schedule 2 (shown at line 100), is entered at line 700 (accelerated depreciation) in Section 4 (Allowable Deductions Calculation).

If you are claiming a deduction for accelerated depreciation, a copy of Schedule 2 – Accelerated Depreciation must be attached to your Income Tax Return. Retain a copy of Schedule 2 for your tax records.

*Schedule 2 – Accelerated Depreciation* is available in Appendix 14: Schedules and Worksheets.

Appendix 1 contains more information about ordinary depreciation, accelerated depreciation and which schedule to use (*Schedule 1*, or *Schedule 2*). Please read Appendix 1 before completing *Schedule 2 – Accelerated Depreciation*.

For more information on accelerated depreciation, also refer to the Income Tax Manual.

## A2.2 Completing Schedule 2 – Accelerated Depreciation

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### A2.2.1 Taxpayer Information

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This section of the schedule is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### A2.2.2 Accelerated Depreciation

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#### **Accelerated Depreciation?**

Indicate whether or not you qualify for accelerated depreciation by writing 'Yes' or 'No' in the shaded box.

A taxpayer has to be an approved enterprise to qualify for accelerated depreciation. Appendix 1 above defines who is an approved enterprise in this context.

### **Line 10 – 2-Year Property (50% Rate)**

Enter the total deduction for decline in value (depreciation) from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have 2-year useful lives. They are:

- Capital assets that are not buildings.

### **Line 20 – 4-Year Property (25% Rate)**

Enter the total deduction for decline in value (depreciation) from the depreciation worksheet or asset register. If you do not have any assets within this category, leave this line blank.

The types of assets in this category are considered to have four-year useful lives. They are:

- Buildings.

### **Line 100 – Total Accelerated Depreciation for all Assets**

Add the amounts at line 10 and line 20 to obtain the total accelerated depreciation for all assets. Enter this amount at:

- Line 100 of this schedule, and
- Line 700 in Section 4 (Allowable Deductions Calculation).

#### **Note**

This Schedule does not replace the quarterly BRT returns.

## **Appendix 3: Schedule 3 – 2% and 5% Business Receipts Tax Reconciliation**

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### **A3.1 Introduction**

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This schedule is used to reconcile the two percent and the five percent Business Receipts Tax (BRT) paid and payable. If you have receipts from any business activities that are subject to two percent and / or five percent Business Receipts Tax, you must complete this Schedule. The completed Schedule 3 must be attached to the Annual Income Tax Return.

Calculated totals from Schedule 3 are entered in various sections of the tax return.

Effective 1385, the two percent Business Receipts Tax must be filed and paid quarterly, using the two percent and five percent Business Receipts Tax payment form. The taxpayer must deliver the form and the tax payable for the quarter no later than the 15th day of the next month after each quarter year.

BRT is imposed on taxpayer business activities. The two percent and the five percent taxes are payable on total gross receipts from certain services, before any deductions, and are not affected by a profit or loss during a current or previous years. The two percent and five percent BRT are also applied, irrespective of whether the taxpayer has passed on the Business Receipts Tax to the customer.

BRT paid or payable is a deductible expense in computing taxable income for the same taxable year.

The monthly receipts or income of a taxpayer for the provision of taxable services includes money, goods, and services. The costs of goods and services are computed in afghanis according to market value.

For more information on two percent and five percent Business Receipts Taxes refer to the Income Tax Manual or to Guide 03, 2% and 5% Business Receipts Taxes.

## **A3.2 Completing Schedule 3 – 2% and 5% Business Receipts Tax Reconciliation**

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### **A3.2.1 Taxpayer Information**

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This section of the schedule is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A3.2.2 2% Business Receipts Tax**

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#### **Line 10 – Gross receipts of goods and services of legal person**

Enter the gross receipts for the year, before deductions, from goods and services. This is the gross amount, that is, before any deductions.

#### **Line 20 – Gross receipts of goods and services of AFN 750,000 or more per quarter for natural persons**

This line is only applicable for the natural persons who have gross receipts from goods and services more than AFN 750,000 per quarter. Leave this line blank in the case of legal person.

#### **Line 30 – Gross receipts of hotels, restaurants, and guesthouses with total monthly income below AFN 750,000**

Enter the gross receipts for the year, before deductions, from hotels, restaurants and guesthouses whose monthly income is below AFN 750,000. For this purpose Hotel, Guesthouse Services and Restaurants services shall have the meaning as defined below:

*Hotel or Guest House Services* means the provision of sleeping accommodation and related services (including meals, beverages, laundry, and telecommunication services)

to persons who occupy such accommodation temporarily as a traveler.

*Restaurant Services* means the provision of food or beverages by an establishment, or catering services of prepared food, or sale of cooked foods that were prepared on the premises.

**Line 40 – Total of 2% BRT Receipts**

Add lines 10 through to line 30 to obtain the total receipts subject to two percent BRT. Enter this amount at line 40.

**Line 50 – Calculation of 2% BRT**

Multiply line 40 (total of BRT receipts subject to two percent BRT) by two percent. Enter this amount at line 50, and at line 630 of Section 4 of the Income Tax Return.

This is the amount of two percent BRT payable by the taxpayer, before the subtraction of two percent BRT already paid during the year.

**Example 1**

Total of 2% BRT receipts (line 40)	AFN	100,000
Multiply line 40 by 2%	AFN	2,000

The amount of AFN 2,000 would be entered at line 50, and at line 630 of Section 4 of the Income Tax Return.

**Line 60 - 90 – Amount of 2% BRT Already Paid for each Quarter**

Effective 1385, two percent Business Receipts Tax must be filed and paid quarterly, using the two percent and five percent Business Receipts Tax payment form.

At line 60, enter the amount of two percent BRT paid for Quarter 1 (beginning Hamal to end Jowza). If no two percent BRT was paid, leave the line blank.



At line 70, enter the amount of two percent BRT paid for Quarter 2 (beginning Saratan to end Sunbala). If no two percent BRT was paid, leave the line blank.

At line 80, enter the amount of two percent BRT paid for Quarter 3 (beginning Mizan to end Qaus). If no two percent BRT was paid, leave the line blank.

At line 90, enter the amount of two percent BRT paid for Quarter 4 (beginning Jeddi to end Hoot). If no two percent BRT was paid, leave the line blank.

### **Line 100 – Total Amount of 2% BRT Already Paid**

Add lines 60 to 90 and enter the total amount at line 100. This is the total amount of two percent BRT the taxpayer has paid to the Afghanistan Revenue Department during the tax year.

### **Line 120 – Total Amount of 2% BRT Payable**

Subtract line 100 (amount of two percent BRT already paid) from line 50 (calculated amount of two percent BRT payable). Enter this amount at line 110, and at line 140 of section 2 of the Income Tax Return.

This is the amount of two percent BRT still payable for the tax year.

#### **Example 1**

Total of 2% BRT receipts (line 40)	AFN 100,000
Multiply line 40 by 2% (line 50)	AFN 2,000
Amount of 2% BRT already paid	
Q1 (line 60)	AFN 400
Q2 (line 70)	AFN 450
Q3 (line 80)	AFN 600
Q4 (line 90)	AFN 550
of 2% BRT already paid (line 100) AFN	2,000
Amount of 2% BRT payable (line 110)	AFN 0

The amount of 0 afghanis would be entered at line 110 and at line 140 of section 2 of Income Tax Return.

Example 2

Total of 2% BRT receipts (Line 40)	AFN 100,000
Multiply line 40 by 2% (Line 50)	AFN 2,000

Amount of 2% BRT already paid	
Q1 (Line 60)	AFN 400
Q2 (Line 70)	AFN 450
Q3 (Line 80)	AFN 600
Q4 (Line 90)	AFN 400

Total amount of 2% BRT already paid (line 100)	AFN 1,850
Amount of 2% BRT payable (line 110)	AFN 150

The amount of AFN150 would be entered at line 110 and at line 140 of section 2 of Income Tax Return.

**A3.2.3 5% Business Receipts Tax**

**Line 200 – Gross receipts of hotels, restaurants, and guesthouses with total monthly income more than AFN 750,000**

Enter the gross receipts for the year, before deductions, from hotels, restaurants and guesthouses whose monthly income is more than AFN 750,000. For this purpose Hotel, Guesthouse Services and Restaurants services shall have the same meaning as defined in Appendix 3.2.1 line 30 above.

**Line 210 – Gross receipts of halls and clubs where events are held**

Enter the gross receipts for the year, before deductions, from halls and clubs where events are held.

### **Line 220 – Total of 5% BRT Receipts**

Add lines 200 and line 210 to obtain the total receipts subject to five percent BRT. Enter this amount at line 220.

### **Line 230 – Calculation of 5% BRT**

Multiply line 220 (total of BRT receipts subject to five percent BRT) by five percent. Enter this amount at line 230, and at line 640 of Section 4 of the Income Tax Return.

This is the amount of five percent BRT payable by the taxpayer, before the subtraction of five percent BRT already paid during the year.

#### **Example 1**

Total of 5% BRT receipts (line 220)	AFN 1,000,000
Multiply line 220 by 5%	AFN 50,000

The amount of AFN 50,000 would be entered at line 230, and at line 640 of Section 4 of the Income Tax Return.

### **Line 240 - 270 – Amount of 5% BRT Already Paid for each Quarter**

Effective 1385, five percent Business Receipts Tax must be filed and paid quarterly, using the two percent and five percent Business Receipts Tax payment form.

At line 240, enter the amount of five percent BRT paid for Quarter 1 (beginning Hamal to end Jowza). If no five percent BRT was paid, leave the line blank.

At line 250, enter the amount of five percent BRT paid for Quarter 2 (beginning Saratan to end Sunbala). If no five percent BRT was paid, leave the line blank.

At line 260, enter the amount of five percent BRT paid for Quarter 3 (beginning Mizan to end Gaus). If no five percent BRT was paid, leave the line blank.

At line 270, enter the amount of five percent BRT paid for Quarter 4 (beginning Jeddi to end Hoot). If no five percent BRT was paid, leave the line blank.

**Line 280 – Total Amount of 5% BRT Already Paid**

Add lines 240 to 270 and enter the total amount at line 280. This is the total amount of five percent BRT the taxpayer has paid to the Afghanistan Revenue Department during the tax year.

**Line 290 – Total Amount of 5% BRT Payable**

Subtract line 280 (amount of five percent BRT already paid) from line 230 (calculated amount of five percent BRT payable). Enter this amount at line 290, and also at line 150 of section 2 of the tax return. This is the amount of 5% BRT still payable for the tax year.

**Example 2**

Total of 5% BRT receipts (line 220)	AFN 1,000,000
Multiply line 200 by 5% (line 230)	AFN 50,000
Amount of 5% BRT already paid	
Q1 (Line 240)	AFN 11,000
Q2 (Line 250)	AFN 12,000
Q3 (Line 260)	AFN 11,000
Q4 (Line 270)	AFN 16,000
Total amount off 5% BRT already paid (line 280)	AFN 50,000
Amount of 5% BRT payable (line 290)	AFN 0

The amount of AFN 0 would be entered at line 290 and at line 150 of section 2 of the tax return.

**Example 3**

Total of 5% BRT receipts (line 220)	AFN 1,000,000
Multiply line 200 by 5% (line 230)	AFN 50,000

Amount of 5% BRT already paid		
Q1 (Line 240)	AFN	11,000
Q2 (Line 250)	AFN	12,000
Q3 (Line 260)	AFN	11,000
Q4 (Line 270)	AFN	14,000
Total amount off 5% BRT already paid (line 280)		
	AFN	48,000
Amount of 5% BRT payable (line 290)	AFN	2,000

The amount of AFN 2,000 would be entered at line 290 and at line 150 of section 2 of the tax return.

## **Appendix 4: Schedule 4 – 10% Business Receipts Tax Reconciliation**

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### **A4.1 Introduction**

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This schedule is used to reconcile the 10 percent Business Receipts Tax (BRT) paid and payable. If you have receipts from any business activities that are subject to 10 percent Business Receipts Tax, you must complete this Schedule. The completed Schedule 4 must be attached to the Annual Income Tax Return.

Calculated totals from Schedule 4 are entered in various sections of the tax return.

However where a taxpayer claims it does not have income from taxable services for one or more months, the taxpayer is required to inform the Ministry of Finance in writing and attach a completed tax return. Where the claim is true, the taxpayer will not be subject to ten percent BRT under the relevant section of the Income Tax Law. If the claim is not true, then in addition to the BRT payable, the taxpayer will be required to pay additional tax imposed by the Income Tax Law.

The business receipts tax is imposed on the business activities of the taxpayer. Ten percent Business receipts tax is payable on total income derived from certain services, before

any deductions and is not affected by whether the taxpayer has a profit or loss during the current or previous years. It is also applied, irrespective of whether the taxpayer has passed on the Business Receipts Tax to the customer.

#### Example 1

Company A derives income from the provision of restaurant services which provides superior services.

When calculating restaurant prices Company A grosses up the price, that is, the 10 percent BRT is included in the bill that is given to the customer. It is not listed as a separate item. For example, Customer B receives a bill for AFN1,100. BRT is not listed as a separate item on the bill.

Company A calculates 10 percent of the total as BRT. They are liable for BRT of AFN110 on this income.

#### Example 2

Same details as Example 1, except Company A lists the BRT separately on the customer's bill. For example, Customer B receives a bill for AFN1,000 plus BRT of 10 percent (AFN100). The total bill for Customer B is AFN1,100.

Company A calculates 10 percent of the total income as BRT. It is liable for BRT of AFN 110 on this income because the BRT is calculated on the total income of AFN1,100. The liability to pay the BRT is on Company A, not on Customer B. It is up to Company A to decide how much of the BRT, if any, is passed on to the customer.

The business receipts tax paid or payable is a deductible expense in computing taxable income for the same taxable year.

#### **Note**

This Schedule does not replace the quarterly BRT returns. The taxpayer must deliver the BRT return and the tax payable for the quarter no later than the 15th day of the next month after each quarter year.

The monthly income derived for a taxpayer for the provision of taxable services includes money, goods, and services. The costs of goods and services are computed in afghanis according to market value.

For more information on 10 percent Business Receipts Taxes refer to the Income Tax Manual or to Guide 03, Business Receipts Tax.

## **A4.2 Completing Schedule 4 – 10% Business Receipts Tax Reconciliation**

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### **A4.2.1 Taxpayer Information**

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This section of the schedule is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A4.2.2 10% Business Receipts Tax**

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#### **Line 10 – Gross receipts of luxury or premium hotels and restaurants**

Enter the gross income derived, before deductions, from luxury or premium hotels and restaurants providing superior services. The term Hotel, Guest House and Restaurant shall carry the same meaning as defined in Appendix 3.2.1 of this Tax Guide.

For more information on gross receipts of luxury or premium hotels and restaurants refer to Article 66(5) of the Income Tax Law 2009 and Income Tax Manual.

#### **Line 20 – Gross receipts from Communication and Air transport service**

Enter the gross receipts for the year, before deductions, from communication and air transport services. For this purpose communication and air transport services shall have the meaning as defined below:

*Telecommunication Services* means the provision of any type of telephone, internet and fax service.

*Airline Services* means passenger air services where the origin of the flight is in Afghanistan.

**Line 30 – Total of 10% BRT Receipts**

Add line 10 and line 20 to obtain the total receipts subject to 10 percent BRT. Enter this amount at line 30.

**Line 40 – Calculation of 10% BRT**

Multiply line 30 (total of BRT receipts subject to 10 percent BRT) by 10 percent.

Enter this amount at line 40, and at line 650 of Section 4 of the Income Tax Return.

This is the amount of 10 percent BRT payable by the taxpayer, before the subtraction of 10 percent BRT already paid during the year.

**Example 1**

Total of 10% BRT receipts (line 30)	AFN 1,000,000
Multiply line 30 by 10% (line 40)	AFN 100,000

The amount of AFN100,000 would be entered at line 40, and at line 650 of Section 4 of the Income Tax Return.

**Line 50 - 80 – Amount of 10% BRT Already Paid for each Quarter**

Ten percent Business Receipts Tax must be filed and paid quarterly, using the 10 percent Business Receipts Tax payment form.

At line 50, enter the amount of 10 percent BRT paid for



Quarter 1 (beginning Hamal to end Jowza). If no 10 percent BRT was paid, leave the line blank.

At line 60, enter the amount of 10 percent BRT paid for Quarter 2 (beginning Saratan to end Sunbala). If no 10% BRT was paid, leave the line blank.

At line 70, enter the amount of 10 percent BRT paid for Quarter 3 (beginning Mizan to end Gaus). If no 10 percent BRT was paid, leave the line blank.

At line 80, enter the amount of 10 percent BRT paid for Quarter 4 (beginning Jeddi to end Hoot). If no 10 percent BRT was paid, leave the line blank.

### **Line 90 – Total Amount of 10 percent BRT Already Paid**

Add lines 50 to 80 and enter the total amount at line 90. This is the total amount of 10 percent BRT the taxpayer has paid to the Revenue Department during the tax year.

### **Line 100 – Total Amount of 10 percent BRT Payable**

Subtract line 90 (amount of 10 percent BRT already paid) from line 40 (calculated amount of 10 percent BRT payable). Enter this amount at line 100, and also at line 160 of section 2 of the tax return.

This is the amount of ten percent BRT still payable for the tax year.

#### **Example 2**

Total of 10% BRT receipts (Line 30)	AFN10,000,000
Multiply line 30 by 10% (Line 40)	AFN 1,000,000
Amount of 10% BRT already paid (Line 90)	AFN 1,000,000
Amount of 10% BRT payable (Line 100)	AFN 0

The amount of AFN 0 would be entered at line 100 and at line 160 of section 2 of Income Tax Return.

### Example 3

Total of 10% BRT receipts (Line 30)	AFN10,000,000
Multiply line 30 by 10% (Line 40)	AFN 1,000,000
Amount of 10% BRT already paid (Line 90)	AFN 900,000
Amount of 10% BRT payable (Line 100)	AFN 100,000

The amount of AFN 100,000 would be entered at line 100 and at line 160 of section 2 of Income Tax Return.

## **Appendix 5: Schedule 5 - Receipts or Payments with a Connected Person (Transfer Pricing)**

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### **A5.1 Introduction**

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This Schedule is used to document the amount of receipts and / or payments with a connected person.

Transfer pricing is where an entity conducting business in Afghanistan may artificially inflate the purchase price of goods or services from, or artificially deflate the sale price of goods or services to, associated (connected) persons or entities, particularly foreign entities. This has the effect of reducing the taxable income and, therefore, tax payable in Afghanistan.

When amounts paid or payable between connected persons differ from amounts normally paid between unconnected persons, the Ministry of Finance may substitute the amount normally paid or payable had the transaction taken place between unconnected persons.

The amount that would normally be exchanged between unconnected persons is known as 'fair market value.'

If the amount paid or payable between connected persons is found to be at fair market value, then the income / deduction will stand on the same basis as for transactions between independent and unconnected entities.

The taxpayer must be able to prove to the Afghanistan Revenue Department that receipts and / or payments with a connected person have been conducted at fair market value.

Any amounts you include in this Schedule also should appear in Section 3, Assessable Income Calculation or Section 4, Allowable Deductions Calculation – if the amounts are at fair market value.

If you have had transactions with a connected person, you must complete Schedule 5 and attach it to your Income Tax Return.

You do not need to attach other supporting documentation for this Schedule to the Income Tax Return but you do need to be able to produce it upon request by the Afghanistan Revenue Department.

## **A5.2 Completing Schedule 5 – Receipts or Payments with a Connected Person (Transfer Pricing)**

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### **A5.2.1 Taxpayer Information**

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This section of the tax return is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A5.2.2 Payments and Receipts**

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When you are completing Schedule 5, you need to place brackets ( ) around receipts. Leave payments unbracketed. Where, you have a payment and a receipt for the same heading; write one amount under the other, in the same space.

Use only this Schedule for payments or receipts between Connected Persons.

### **Line 10 – Advertising and Entertainment**

Enter the total amount of advertising and entertainment receipts or payments during the year, excluding any

advertising and entertainment expenses not directly related to economic or commercial activities.

### **Line 20 – Bad Debts**

Enter the total amount of receivables (amounts owing to the taxpayer from sales or receipts) written off as being bad debts, that is, not recoverable.

### **Line 30 – Car and Truck Expenses**

Enter the total amount of car and truck expense receipts or payments, related to the production, collection and preservation of income, incurred during the taxable year.

### **Line 40 – Commissions and Fees**

Enter the amount of commissions and fees paid or received for services that are ordinary and necessary costs and expenses.

### **Line 50 – Insurance**

Enter the amount of insurance premiums paid or received for insurance of property used for the production, collection and preservation of income.

### **Line 60 – Interest, Discounts**

Enter the amount of interest paid or received on business debts. Enter the amount of discounts paid or received.

### **Line 70 – Loans – Interest Bearing**

Enter the amount of loans paid or received. These are loans that are interest bearing, that is, interest is payable from the recipient to the lender.

### **Line 80 – Loans – Interest Free**

Enter the amount of loans paid or received. These are loans that are interest free, that is, interest is not payable from the recipient to the lender.

### **Line 90 – Legal and Professional Services**

Enter the amount of legal and professional services paid or received, in the production, collection and preservation of income of the taxpayer. Examples include accounting services, auditing services, and legal services.

### **Line 100 – Office Expenses**

Enter the amount of office expenses paid or received in the production, collection and preservation of income of the taxpayer. Examples include stationery, computer and printer consumables, office cleaning supplies.

### **Line 110 – Management, Financial, Administrative, Marketing, Training**

Enter the amount of management, financial, administrative, marketing and / or training expenses paid or received in the production, collection and preservation of income of the taxpayer.

Examples of management expenses include management, governance, leadership, supervision of business activities.

Examples of financial expenses include preparation of financial reports, management of banking and investments.

Examples of administrative expenses include day to day administration of the business.

Examples of marketing expenses include advertising, product promotion and other marketing related activities.

Examples of training expenses include training and courses for staff to improve their business-related knowledge.

#### **Line 120 – Repairs and Maintenance**

Enter the amount of repairs and maintenance expense paid or received in the production, collection and preservation of income of the taxpayer.

#### **Line 130 – Rent or Lease Payments**

Enter the amount of rent or lease payments paid or received in the production, collection and preservation of income of the taxpayer. An example is the lease payments paid for a factory used for the production of goods sold by the taxpayer.

#### **Line 140 – Research and Development**

Enter the amount of research and development expenses paid or received in the production, collection and preservation of income of the taxpayer. An example is research into development of a new product.

#### **Line 150 – Royalties**

Enter the amount of royalties paid or received as a necessary expense of doing business, holding property for income, or of producing income.

#### **Line 160 – Stock in Trade and Raw Materials**

Enter the amount of stock in trade and raw materials payments or receipts. This is the stock that the business sells as part of their business activities, or the raw materials used to produce the stock that the business sells.

#### **Line 170 – Supplies**

Enter the amount paid or received for supplies that are ordinary and necessary expenses used in the production of income or in a trade or business.

### **Line 180 – Technical, Construction**

Enter the amount paid or received for technical and / or construction work. Examples of technical and / or construction work are construction of buildings or infrastructure and the technical aspects related to that construction, for example, installation of power cables.

### **Line 190 – Utilities**

Enter the amount of utility expenses paid or received. Utilities include electricity, water, gas, and similar.

### **Line 200 – Other Receipts Not Already Listed**

Enter miscellaneous receipts not listed under other individual categories on the Schedule. You must be able to document what is included at this line, upon request by the Afghanistan Revenue Department.

### **Line 210 – Other Payments Not Already Listed**

Enter miscellaneous payments not listed under any of the individual categories on the Schedule. You must be able to document what is included at this line, upon request by the Afghanistan Revenue Department.

### **Line 250 – Total Receipts**

Add all lines with amounts in brackets, that is, all receipts. Enter the total at line 250.

### **Line 300 – Total Payments**

Add all lines with amounts not in brackets, that is, all payments. Enter the total at line 300.

## **Appendix 6: Payments or Amounts Incurred to a Foreign Branch or Foreign Headquarters (Deemed Dividends)**

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### **A6.1 Introduction**

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This Schedule is used to document the amount of payments or amounts incurred by a branch of a foreign entity to another part of the foreign entity (branch or headquarters).

Foreign companies may choose to conduct business in Afghanistan either through a branch (not incorporated in Afghanistan) or through a subsidiary (incorporated in Afghanistan).

A tax on the distribution of branch profits is consistent for both branches and subsidiaries of foreign companies. Effective 1385, the rate of tax on branch profits is same as for withholding on dividends – 20 percent.

The Income Tax Law 2009, provides that the taxable income of a branch is to be calculated on the basis that it is a distinct and separate person and no deductions will be allowed for payments between the branch and the foreign person (apart from the deemed dividends on distribution of branch profits, above). Expenses incurred by the branch or foreign person directly related to the earning of income by the branch will be treated as deductible expenditure of the branch.

The total amount of Schedule 6 is included in Section 4, Allowable Deductions Calculation as part of line 710 Dividends Paid.

Withholding tax of 20 percent applies to the deemed dividends, the same as it does for other types of dividends. The question on withholding tax is at line 710a of Section 4, Allowable Deductions Calculation.



For more information on payments or amounts incurred to a foreign branch or foreign headquarters, refer to the Income Tax Manual.

## **A6.2 Completing Schedule 6 – Payments or Amounts Incurred to a Foreign Branch or Foreign Headquarters (Deemed Dividends)**

### **A6.2.1 Taxpayer Information**

This section of the tax return is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A6.2.2 Payment or Amounts Incurred under Schedule 6**

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Only use this Schedule for payments or amounts incurred by a branch of a foreign entity to another part of the foreign entity.

#### **Line 10 – Advertising and Entertainment**

Enter the total amount of advertising and entertainment payments during the year, excluding any advertising and entertainment expenses not directly related to economic or commercial activities.

#### **Line 20 – Bad Debts**

Enter the total amount of receivables (amounts owing to the taxpayer from sales or receipts) that have been written off as being bad debts, that is, not recoverable.

#### **Line 30 – Car and Truck Expenses**

Enter the total amount of car and truck expense payments, related to the production, collection and preservation of income, incurred during the taxable year.

#### **Line 40 – Commissions and Fees**

Enter the amount of commissions and fees paid for services that are ordinary and necessary costs and expenses.

**Line 50 – Insurance**

Enter the amount of insurance premiums paid for insurance of property used for the production, collection and preservation of income.

**Line 60 – Interest, Discounts**

Enter the amount of interest paid on business debts. Enter the amount of discounts paid.

**Line 70 – Loans – Interest Bearing**

Enter the amount of loans paid. These are loans that are interest bearing, that is, interest is payable from the recipient to the lender.

**Line 80 – Loans – Interest Free**

Enter the amount of loans paid. These are loans that are interest free, that is, interest is not payable from the recipient to the lender.

**Line 90 – Legal and Professional Services**

Enter the amount of legal and professional services paid, in the production, collection and preservation of income of the taxpayer. Examples include accounting services, auditing services, and legal services.

**Line 100 – Office Expenses**

Enter the amount of office expenses paid in the production, collection and preservation of income of the taxpayer. Examples include stationery, computer and printer consumables, office cleaning supplies.

### **Line 110 – Management, Financial, Administrative, Marketing, Training**

Enter the amount of management, financial, administrative, marketing and / or training expenses paid in the production, collection and preservation of income of the taxpayer.

Examples of management expenses include management, governance, leadership, supervision of business activities.

Examples of financial expenses include preparation of financial reports, management of banking and investments.

Examples of administrative expenses include day to day administration of the business. Examples of marketing expenses include advertising, product promotion and other marketing related activities.

Examples of training expenses include training and courses for staff to improve their business-related knowledge.

### **Line 120 – Repairs and Maintenance**

Enter the amount of repairs and maintenance expense paid in the production, collection and preservation of income of the taxpayer.

### **Line 130 – Rent or Lease Payments**

Enter the amount of rent or lease payments paid in the production, collection and preservation of income of the taxpayer. An example is the lease payments paid for a factory used for the production of goods sold by the taxpayer.

### **Line 140 – Research and Development**

Enter the amount of research and development expenses paid in the production, collection and preservation of income of the taxpayer. An example is research into development of a new product.

### **Line 150 – Royalties**

Enter the amount of royalties paid as a necessary expense of doing business, holding property for income, or of producing income.

### **Line 160 – Stock in Trade and Raw Materials**

Enter the amount of stock in trade and raw materials payments. This is the stock that the business sells as part of their business activities, or the raw materials used to produce the stock that the business sells.

### **Line 170 – Supplies**

Enter the amount paid for supplies that are ordinary and necessary expenses used in the production of income or in a trade or business.

### **Line 180 – Technical, Construction**

Enter the amount paid for technical and / or construction work. Examples of technical and / or construction work are construction of buildings or infrastructure and the technical aspects related to that construction, for example, installation of power cables.

### **Line 190 – Utilities**

Enter the amount of utility expenses paid. Utilities include electricity, water, gas, and similar.

### **Line 200 – Other Payments or Amounts**

Enter miscellaneous payments not listed under any of the individual categories on the Schedule. You must be able to document this entry, upon request by the Afghanistan Revenue Department.

### **Line 250 – Total Payments or Amounts Incurred**

Add lines 10 through to line 200. Enter the total amount at line 250 and also include in line 710 in Section 4, Allowable Deductions.

### **Line 300 – Inclusion of Payments in Section 4, Allowable Deductions, Line 710, Dividends Paid, Question**

If any of the payments listed in Schedule 6 have been included in Section 4, Allowable Deductions, at line 710, Dividends Paid, during the tax period, you need to write 'Yes' at line 300. If you did not include the payments listed in Schedule 6 at line 710 of Section 4, you need to write 'No' at line 300.

You will need to be able to support your decision to not include these payments as (deemed) dividends to the Afghanistan Revenue Department, as the legislative requirement is that these types of payments are deemed to be dividends.

### **Line 350 – Inclusion of Payments in other lines in Section 4, Allowable Deductions, Question**

If any of the payments listed in Schedule 6 have been included in other lines in Section 4, Allowable Deductions (in addition to line 710, Dividends Paid, or excluding line 710, Dividends Paid), during the tax period, you need to write 'Yes' at line 350.

You will need to be able to support your decision to include these payments as deductions other than deemed dividends (line 710 of Section 4) to the Afghanistan Revenue Department, as the legislative requirement is that these types of payments are deemed to be dividends. They are not deductible expenses to the branch, under any other category.

If you did not include the payments listed in Schedule 6 in any other part of Section 4, Allowable Deductions, you need to write 'No' at line 350.

## Appendix 7: Schedule 7 - Foreign Tax Credit Calculation

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### A7.1 Introduction

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Schedule 7 – Foreign Tax Credit Calculation must be completed if the taxpayer has:

- Foreign income
- Foreign loss/es
- A foreign tax credit calculation

A copy of Schedule 7 must be attached to the Income Tax Return. Schedule 7 is contained at Appendix 14.

An Afghan resident may claim a credit for accrued foreign income taxes subject to limitations within the Income Tax Law. There is a limitation for each foreign country.

Resident companies with foreign business operations could incur a loss in conducting those foreign operations. Such Foreign losses cannot be deducted against income from business activities conducted in Afghanistan.

Foreign losses will only be deductible against the future profits of those foreign operations and will not be deductible against the current profits of domestic business activities. Foreign losses are to be quarantined against foreign income only.

The amount of loss that can be deducted against future profits is determined by the tax laws in the country the income and loss was accrued. Therefore if the tax law of the foreign country states, for example, only one-third of the loss can be deducted each year against future profit, then this is the proportion that must be used when calculating the foreign tax credit allowable.

### Example 1

Company A, an Afghan corporation operates carpet stores in Afghanistan and Pakistan. The Afghan store is located in Jalalabad. The Pakistani store is located in Lahore. Company A purchases carpets that are manufactured in Afghanistan and then sells them to customers in Afghanistan and Pakistan through the two stores. During 1388, the store in Jalalabad generates taxable income of AFN 1,000,000. The store in Lahore generates losses of AFN 900,000. The Afghan corporation must pay income tax of AFN 200,000 ( $20\% \times \text{AFN } 1,000,000$ ). Company A will not be entitled to deduct its AFN 900,000 of losses from the store in Lahore against its profits from the sales through the Jalalabad store.

### Example 2

The facts are the same as in Example 1. In 1389, Company A's Jalalabad store generates a loss of AFN 700,000 and the Lahore store generates a profit of AFN 800,000. The Lahore store's profits are subject to AFN 320,000 of Pakistani tax. The 1388 loss from the Lahore store may be carried forward and offset against the profits from the Lahore store in 1389.

Under Pakistan taxation law, Company A is allowed to offset one-third of the loss each year. Therefore, the net profit, after the loss is carried forward is AFN 500,000 (AFN 800,000 profit in 1389 less AFN 300,000 loss from 1388). Under Article 5 of the Afghanistan Income Tax Law 2009, Company A is entitled to claim a foreign tax credit for the Pakistani taxes that are paid, subject to a limit. The limit equals the amount of the Afghan tax that would be due on the AFN 500,000 income that was generated in Pakistan, or AFN 100,000 (that is, AFN 500,000 multiplied by 20%). The excess of the AFN 320,000 Pakistani taxes over the AFN 100,000 that can be claimed as a credit, cannot be carried forward and used in future years.

A separate calculation must be done for each foreign country in which income has been earned and a credit is being claimed. If you have income from more than three foreign countries, you will need to print / photocopy additional copies of Schedule 7. A copy of Scheduled 7 is provided in Appendix 14.

Attach all pages of Schedule 7 to your Income Tax Return. Make sure you also keep copies for your own records.

## **A7.2 Completing the Foreign Tax Credit Calculation Schedule**

### **A7.2.1 Taxpayer Information**

This section of the tax return is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A7.2.2 Completing Schedule 7 - Foreign Tax Credit Calculation**

#### **Line 1 – Total Income Tax**

Enter the total Afghan income tax, before any applicable credit, from line 80 of section 2 of the income tax return.

#### **Line 2 – Taxable Income from this Foreign Country**

Enter the total amount of taxable income (that is, revenue minus applicable expenses), before any offset of losses, generated by the taxpayer in the country that imposed the foreign tax. This is the taxpayer's foreign source income, before offset of losses.

#### **Line 3 – Taxable Loss from Foreign Country, Carried Forward from Previous Years**

Enter the amount of loss, if any, carried forward from previous year/s. The amount of loss that can be carried forward to offset income is according to the tax laws of the foreign country. For example, if the tax laws of the foreign country state one-third



of the loss can be carried forward each year to offset against income, then this is the amount that is used in this calculation worksheet.

#### **Line 4 – Net Taxable Income from Foreign Country**

Calculate the net taxable income from the foreign country by subtracting line 3, Taxable Loss, from line 2, Taxable Income. Enter the results of this calculation at line 4.

#### **Line 5 – Calculation**

Multiply line 1 (total income tax) by line 4 (taxable income from the foreign country). Enter the results of this calculation at line 5.

#### **Line 6 – Total Taxable Income from all Countries**

Enter the total taxable income from all countries, including Afghanistan, at line 6. This is from line 70 of Section 2 of the Income Tax Return

#### **Line 7 – Calculation of Credit for this Foreign Country**

Divide line 5 (calculation) by line 6 (total taxable income from all countries). This gives you the amount of foreign tax credit that can be claimed for this foreign country. Enter the amount at line 7 and at the Tax Credit – Country (number) line.

The amount calculated at line 7 is the limitation of taxes that can be claimed for a particular country. Any extra foreign taxes paid for that country cannot be claimed as a credit. They also cannot be carried forward or back to offset or reduce Afghan income taxes in future or prior years.

#### **Example 1**

Company B has taxable income in Afghanistan of AFN 100,000 and net taxable income in foreign Country C of AFN 200,000 (after conversion). The Afghan income tax of Company B,

attributable to its total income from all sources (AFN 300,000 taxable income) is AFN 60,000. The foreign income tax liability accrued and paid to Country C is AFN 72,000.

Line 1 Total income tax	AFN 60,000
Line 2 Taxable income from Country B	AFN 200,000
Line 3 No taxable losses carried forward	AFN 0
Line 4 Net taxable income	AFN 200,000
Line 5 Calculation (line 1 multiplied by line 4)	AFN 12,000,000,000
Line 6 Total assessable income, all countries	AFN 300,000
Line 7 Credit 1 (divide line 5 by line 6)	AFN 40,000

The excess AFN 12,000 Country C foreign taxes cannot be claimed as a credit, because the taxes exceed the limitation. Company B must pay AFN 20,000 in Afghan tax (AFN 60,000 tax liability – AFN 40,000 credit). The additional AFN 12,000 Company B paid in foreign taxes cannot be carried forward or back to offset or reduce Afghan income taxes in future or prior years.

#### Example 2

Same facts as example 1, except now Company B makes a taxable income in Country C of AFN 500,000 and has a Country C foreign loss carried forward from the previous year of AFN 300,000.

Line 1 Total income tax	AFN 60,000
Line 2 Taxable income from Country C	AFN 500,000
Line 3 Taxable losses carried forward	AFN 300,000
Line 4 Net taxable income	AFN 200,000
Line 5 Calculation (line 1 multiplied by line 4)	AFN 12,000,000,000
Line 6 Total assessable income, all countries	AFN 300,000
Line 7 Credit 1 (divide line 5 by line 6)	AFN 40,000

The excess AFN 12,000 Country C foreign taxes cannot be claimed as a credit, because the taxes exceed the limitation. Company B must pay AFN 20,000 in Afghan tax (AFN 60,000 tax liability – AFN 40,000 credit). The additional AFN 12,000 Company B paid in foreign taxes cannot be carried forward or back to offset or reduce Afghan income taxes in future or prior years. The foreign income tax credit shall be allowed only if:

- 1 A copy of the income tax return and the tax receipt from the country imposing the tax is submitted with the Afghan return.
- 2 All income from all sources is included in the Afghan income tax return.
- 3 No deduction has been taken for the foreign income tax claimed as a credit.
- 4 The other country's tax is a tax that is imposed on net income.

The credit for foreign tax paid is for income taxes only. The credit is not allowed for foreign taxes that are not imposed on a taxpayer's income. Whether a tax is imposed on income is determined by looking at all of the facts and circumstances. In making this determination, the Afghanistan Revenue Department should consider whether or not the foreign country permits the taxpayers to claim a reasonable amount of deductions from the taxpayer's revenue.

#### Example 3

Company C, an Afghanistan corporation doing business abroad, pays customs duties on imports of goods sold in their business. Such duties are considered part of their cost of goods sold, but the duties cannot be used as a credit against the corporation's Afghan income tax liability.

#### Example 4

Company D, an Afghanistan corporation doing business abroad pays a four percent turnover tax in a foreign country

amounting to AFN 22,000 in the taxable year; its net income tax paid in that country is AFN 1,600 for the same year. The turnover tax of AFN 22,000 can be deducted as an expense item. The turnover tax cannot be claimed as a credit against Afghan income tax liability. Only the net income tax paid abroad, AFN 1,600, may be claimed as a credit, and reduce the corporation's Afghan tax liability.

#### Example 5

Company E is an Afghan corporation that does business in Afghanistan and Pakistan. Company E is in the business of manufacturing and selling furniture. Company E is subject to a tax in Pakistan. Assume that Pakistan imposes a two percent tax on Company E's revenue minus its cost of goods sold. Although the Pakistani tax permits Company E to claim a deduction for cost of goods sold, the Pakistani tax is not a tax on income. The Pakistani tax is not a tax on income, because the tax fails to permit Company E to deduct its operating expenses, like wage expense and depreciation expense.

#### Note

Taxes that are not imposed on income can nevertheless be considered deductible business expenses, but they are not allowed as a foreign credit.

#### **Total Foreign Income – All Foreign Countries**

Add all of the amounts from line 4 (net taxable income from this foreign country) of Schedule 7 - Foreign Tax Credit Calculation

Enter this amount at the line for Total Foreign Income – All Foreign Countries and at line 420, Foreign Income, of Section 3, Assessable Income, of the Income Tax Return.

#### **Total Tax Credit – All Foreign Countries**

Add all of the amounts from the line tax credit (which is the lower of line 7 or actual tax amount paid in the foreign country) of all the countries in Schedule 7.

Enter this amount at the line for Total Tax Credit – All Foreign Countries, and at line 90, Foreign Tax Credit, of Section 2, Tax Payable Calculation, of the Income Tax Return.

## **Appendix 8: Schedule 8 - Balance Sheet**

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### **A8.1 Introduction**

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Schedule 8 is used to record balance sheet information for the current year and the previous year, as at the end of the year. Balance sheet information must be provided with the Income Tax Return. A copy of Schedule 8 is available at Appendix 14 of the Tax Guide.

If you already produce a balance sheet that meets most or all of the information requirements of Schedule 8, you may attach a print-out of that balance sheet instead of completing Schedule 8. The key requirements are that your balance sheet shows the types of categories contained in Schedule 8 and that it shows current year and previous year information.

As with the preparation of the Income Tax Return, the Balance Sheet must be prepared using the accrual accounting method.

The information contained in Schedule 8 – Balance Sheet is according to generally accepted accounting principles.

A balance sheet is a statement of the book value of all of the assets and liabilities (including equity) of a business at a particular date, in this case, at the end of the tax year. This is distinct from an income statement or profit and loss account, which records revenue and expenses over a specified period of time.

A balance sheet is often described as a “snapshot” of the company’s financial condition on a given date.

The balance sheet in Schedule 8 has two parts: ‘Assets’ and ‘Liabilities and Equity’. These two parts must balance.

## **A8.2 Completing Schedule 8 – Balance Sheet**

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### **A8.2.1 Taxpayer Information**

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This section of the tax return is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A8.2.2 Assets**

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#### **A8.2.2.1 Current Assets**

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Use this section to list assets with a liquidity status of less than one year. For example, a financial investment that has a due date within the next 12 months would be included as a current asset rather than as a non-current asset.

##### **Line 10 – Cash and Cash Equivalents at Bank**

Enter the total value of cash and cash equivalents at the Bank. Examples include cash deposits at the bank, whether contained in trading accounts or as term deposits, with a due date within one year.

##### **Line 20 – Cash and Cash Equivalents on Hand**

Enter the total value of cash and cash equivalents on hand. Examples include petty cash.

##### **Line 30 – Financial Investments**

Enter the total value of financial investments. Examples include loans made by the taxpayer, bonds and securities, with a due date within one year.

##### **Line 40 – Inventories / Finished Goods**

Enter the total amount of Inventories, trading stock or finished goods (including manufactured inventory). For the current year, this amount should equal the Inventory at the end of Year at line 350 of Section 3 of the Income Tax Return.

### **Line 50 – Other Intangible Assets**

Enter the total amount of other intangible assets, for example, goodwill.

### **Line 60 – Raw Materials**

Enter the total amount of raw materials (used for the manufacture of inventory).

### **Line 70 – Trade and Other Receivables**

Enter the total amount of trade and other receivables. These are the amounts you have invoiced but for which you have yet to receive payment.

### **Line 80 – Work in Progress / Unfinished Goods**

Enter the total amount of work in progress or unfinished goods (as part of the manufacture of an inventory).

### **Line 90 – Other Current Assets**

Enter any miscellaneous current assets that do not fit logically under any of the other lines in the Current Assets section of the balance sheet, include them at line 90.

### **Line 100 – Total Current Assets**

Calculate the total of current assets by adding lines 10 through to line 90. Enter the total at line 100.

### **A8.2.2.2 Non-Current Assets (Fixed Assets)**

Use this section to list assets with a liquidity status of more than one year. For example, a financial investment that has a due date after the next 12 months would be included as a non-current asset rather than as a current asset.

### **Line 110 – Financial Investments**

Enter the total value of financial investments. Examples include loans made by the taxpayer, bonds and securities, with a due date past one year.

### **Line 120 – Goodwill**

Enter the total value of goodwill.

### **Line 130 – Land and Buildings**

Enter the total original value of land and buildings. This is the value before depreciation and before any revaluations.

### **Line 140 – Other Intangible Assets**

Enter the total amount of other intangible assets, for example, royalties.

### **Line 150 – Other Receivables**

Enter the total amount of other receivables. These are the amounts you have invoiced but for which you have yet to receive payment and do not expect to receive payment within the next year.

### **Line 160 – Property, Plant and Equipment**

Enter the total original value of property, plant and equipment. This is the value before depreciation and before any revaluations.

### **Line 170 – Other Non-Current Assets**

Enter any miscellaneous non-current assets that do not fit logically under any of the other lines in the Non-Current Assets section of the balance sheet, include them at line 170.



### **Line 180 – Total Non-Current Assets**

Calculate the total of non-current assets by adding lines 110 through to line 170. Enter the total at line 180.

### **Line 190 – Total Assets**

Calculate the total assets by adding line 100 and line 180. Enter the total at line 190.

## **A8.2.3 Liabilities and Equity**

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### **A8.2.3.1 Current Liabilities**

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Use this section to list liabilities with a life of less than one year. For example, a borrowing that has a due date within the next 12 months would be included as a current liability rather than as a non-current liability.

#### **Line 200 – Bank Overdrafts**

Enter the total value of Bank Overdrafts.

#### **Line 210 – Borrowings (Current Portion)**

Enter the total value of borrowings that have a due date of less than one year.

#### **Line 220 – Current Tax Liabilities**

Enter the total value of current tax liabilities. This is tax that has been calculated as due and payable within the next year, but hasn't been paid yet.

#### **Line 230 – Provisions (Short-Term)**

Enter the total amount of provisions with a life of less than one year. Examples include provisions for annual leave.

#### **Line 240 – Trade and Other Payables**

Enter the total amount of trade and other payables. These

are the amounts you have been invoiced for but for which you have yet to make a payment.

#### **Line 250 – Other Current Liabilities**

Enter any miscellaneous current liabilities that do not fit logically under any of the other lines in the Current Liabilities section of the balance sheet, include them at line 250.

#### **Line 260 – Total Current Liabilities**

Calculate the total of current liabilities by adding lines 200 through to line 250. Enter the total at line 260.

### **A8.2.3.2 Non-Current Liabilities (Fixed Liabilities)**

Use this section to list liabilities with a life of more than one year. For example, a borrowing that has a due date over 12 months away would be included as a non-current liability rather than as a current liability.

#### **Line 270 – Accumulated Depreciation / Amortization**

Enter the total value of accumulated depreciation from tangible assets and amortization of intangible assets. An example of a tangible asset is plant and equipment. An example of an intangible asset is goodwill.

#### **Line 280 – Borrowings**

Enter the total value of borrowings that have a due date of over one year.

#### **Line 290 – Provisions**

Enter the total amount of provisions with a life of more than one year.

#### **Line 300 – Other Non-Current Liabilities**

Enter any miscellaneous non-current liabilities that do not

fit logically under any of the other lines in the Non-Current Liabilities section of the balance sheet, include them at line 300.

### **Line 310 – Total Non-Current Liabilities**

Calculate the total of non-current liabilities by adding lines 270 through to line 300. Enter the total at line 310.

### **Line 320 – Total Liabilities**

Calculate the total liabilities by adding line 260 and line 310. Enter the total at line 320.

## **A8.2.3.3 Equity**

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Use this section to list equity. Equity is the capital or ownership of the company.

### **Line 400 – Capital**

Enter the total value of capital invested in the company by the owners of the company. This category is used when the company is not a publicly listed company.

### **Line 410 – Other Reserves**

Enter the total value of other reserves. Examples include dividends that have been declared but not paid out.

### **Line 420 – Retained Earnings / Profit**

Enter the total amount of retained earnings or retaining profit.

### **Line 430 – Share Capital**

Enter the total value of share capital invested in the company

by the owners of the company. This category is used when the company is a publicly listed company with shareholders.

#### **Line 440 – Other Equity**

Enter any miscellaneous equity that does not fit logically under any of the other lines in the Equity section of the balance sheet, include it at line 440.

#### **Line 450 – Net Profit / Loss**

Enter the amount of net profit / loss from your Profit and Loss Statement.

#### **Line 460 – Total Equity**

Calculate the total of equity by adding lines 400 through to line 450. Enter the total at line 460.

#### **Line 470 – Total Liabilities and Equity**

Calculate the total liabilities and equity by adding line 320 and line 460. Enter the total at line 470.

## Appendix 9: Schedule 9 – Capital Gain or Loss

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### A9.1 Introduction

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Schedule 9 is to be used to calculate the capital gain or loss. If you have sold, exchanged or transferred the capital assets during the tax period, you must complete Schedule 9 and attach it to the Income Tax Return. A copy of Schedule 9 is available at Appendix 14 of the Tax Guide.

The gain from the sale or exchange or transfer of a capital asset or investment in a trade or business is income and the difference between the amount realized and the taxpayer's cost (or cost after depreciation and related expenses of sale) of the property is income to be reported. If the difference between the amount realized and the taxpayer's cost (after expenses) is a loss, then this also needs to be reported.

The total gain from the sale of assets needs to be entered at line 460. If there is an overall loss from the sale of assets this is also reported at line 50 of Section 2 of Income Tax Return.

The taxpayer must keep sufficient records to show all of the transactions that make up the amount at line 460 and line 50. The transactions need to reconcile with the depreciation schedules and worksheets and asset register. Refer Appendix 11 of the Tax Guide for more information on the depreciation schedules and worksheets.

Assets include:

- A trade or business, including goodwill
- A factory including equipment, machinery, buildings and land, or any part of such assets Equipment used in the business of transporting persons and property
- Shares of stock in corporations or limited liability companies.

Certain deductions are allowed in calculating taxable gain. They are:

- Cost to the taxpayer of the asset and investment sold as well as the cost of permanent additions or improvements, less the total amount allowable for its depreciation since it was acquired; and
- Expenses of sale including sales commissions, advertising expenses, legal expenses, transaction and document taxes, and other expenses of selling and transferring the asset.

The term “capital assets” means property held by the taxpayer, whether or not connected with his trade or business. It does not include stock in trade (inventory) of the taxpayer or other property of a kind which would be included in the inventory if it was still on hand at the close of the taxable year. It also doesn't include property held by the taxpayer for sale to customers in the ordinary course of his trade or business.

## **A9.2 Schedule 9 – Capital Gain or Loss**

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### **A9.2.1 Taxpayer Information**

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This section of the tax return is a repeat of the taxpayer identification number and taxpayer name, entered in section 1 of the tax return.

### **A9.2.2 Completing Schedule 9**

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#### **Line – 1 Full value of consideration received/ receivable**

Enter here the full value of consideration received or receivable in exchange of the assets. The consideration value is generally what you receive or are taken to receive for the asset when a sale/ exchange or transfer takes place. It is made up of amounts you receive and the market value of non-cash benefits (such as goods or services) you receive for the asset. A total consideration may also be an insurance payout for the loss or destruction of a depreciating asset.

If an asset is written-off but no value is received or will be received for it, the consideration received is zero.

### **Line – 2 Cost of Acquisition of the Asset**

Enter here the original cost of assets when it was purchased. If the asset was gifted or inherited then acquisition cost should be taken as 0.

### **Line – 3 Depreciation allowable up to transfer date**

Enter here the total of all the depreciation allowed as per Income Tax Law up to the date of transfer.

### **Line – 4 Net Acquisition Cost**

Deduct line 3 from line 2 and enter the amount in line 4. This is the Net Acquisition cost.

### **Line – 5 Costs of Improvements**

Enter here any amount which was incurred for the improvement of the sold assets. Improvement will only include the capital improvement, minor expense of repair and maintenance will not form part of cost of improvement.

### **Line – 6 Expense of transfer**

Enter here the expenses incurred for the sale of the asset. This could include advertising expenses for the sale of the assets, delivery charges of the assets or similar other expenses.

### **Line – 7 Gains or Loss**

Deduct line 4, 5 and 6 from Line 1 and enter the amount at line 7. If there is a negative amount (loss) place a bracket around the amount.

If the amount of line 6 is a positive value there is a capital gain, if there is a negative value there is a loss.

#### **Note**

If you have more than one asset transferred during the tax period. Use this Schedule to include total value of all transfer or you can use each separate schedule for each asset transferred and carry the net total gain or loss to line 460 of section 3 or line 50 of section 2 respectively of the Income Tax Return.

If there is a Total gain, enter the amount at line 7 of this schedule to line 460 of section 3 of Income Tax Return. If there is a Total Loss, enter the amount at line 7 of this schedule to line 50 of Section 2 of the Income Tax Return.

Example 1

Ten shares of stock that cost the owner AFN 10,000 are sold five years later for AFN 10,000. There is no gain and no taxable income from the transaction.

Example 2

Ten shares of stock in an Afghan corporation are gifted to Company A. Company A at zero cost. If Company A sells the shares for AFN 50,000 it incurs fees of AFN 5,000 to effect the sale. Company A then will recognize gain of AFN 45,000 and should enter AFN 45,000 in line 460 of section 3.

Example 3

On Hoot 29, 1389, Company B sells its office building for AFN 13,000,000. The building was purchased on Hamal 1, 1385 for AFN 10,000,000. The annual depreciation claimed each year was AFN 200,000; and the total deducted for the five years is AFN 1,000,000. The expenses of sale were AFN 50,000. The capital gain is computed as follows:

Sales price (Line 1)		AFN 13,000,000
Original cost (Line 2)	AFN 10,000,000	
Less: Depreciation (Line 3)	AFN 1,000,000	AFN 9,000,000
Balancing adjustment amount	(Line 4)	AFN 4,000,000
Less: Expense of sale(Line 6)		AFN 50,000
Capital gain on sale (Line 7)		AFN 3,950,000

Company B would enter AFN 3,950,000 at line 460 as a capital gain on the sale of an asset.



If Company B sold more than one asset in 1389, the amount at line 460 would be the total of all gains from all assets sold where a capital gain was made. Company B would need to keep appropriate records to show all of the transactions that made up the amount in line 460.

#### Example 4

The circumstances of this example are the same as for example 3, except Company B sells the office building for AFN 8,000,000. The capital loss is computed as follows:

Sales price (Line 1)		AFN 8,000,000
Original cost (Line 2)	AFN 10,000,000	AFN 9,000,000
Less: Depreciation (Line 3)	AFN 1,000,000	
Balancing adjustment amount (Line 4)		AFN(1,000,000)
Less: Expense of sale (Line 6)		AFN 50,000
Capital loss on sale (Line 7)		AFN (1,050,000)

Company B would enter AFN (1,050,000) at line 50 of section 2 as a capital loss on the sale of an asset. If Company B sold more than one asset in 1389, the amount at line 50 would be the total of all losses from all assets sold where a capital loss was made. Company B would need to keep appropriate records to show all of the transactions that made up the amount in line 50.

Gain from any transfer of any asset of a corporation or limited liability company is taxable income, regardless of the nature of the transfer, including:

- Transfer by sale for money
- Transfer by trade for other assets
- Transfer by trade for other assets and money
- Transfer as a gift to close relatives or friends in consideration of friendship
- Transfer in consideration of past services or expected future services of the person to whom the “gift” is made.

Gain from the sale or transfer of movable or immovable property acquired by inheritance is not subject to tax under this section. The recipient of the inherited property takes the property with a zero cost basis.

The gain realized at the time the property is sold, exchanged or transferred is taxable income in the year of sale even though the gain in value accumulated over a period of years.

#### Example 5

Company B, a limited liability company has owned an apartment building 10 years, during which period the value of the property has continued to increase. In 1389 the company sold the property, realizing a gain AFN 1,000,000. The gain reflects the total increase in value during the entire 10 year period. The AFN 1,000,000 gain is, however, taxable income in the taxable year 1389, the year that the apartment is sold.

The market value of the asset at the time it was transferred or exchanged is the basis for computing the gain. An exchange which is trade of assets of equal value or in which money is only part of the consideration may result in a realization of taxable gain. The gain is determined by subtracting the depreciated cost of the assets exchanged and the expenses of transfer from the market value of the items received in the exchange.

#### Example 6

Company C exchanges 1,000 shares of stock in another corporation for a residence owned by an individual. Although the shares have been paying dividends regularly, there is no regular trading in these shares and no market price is available. The shares were purchased 10 years earlier at AFN 200 per share. If the residential property is worth more than AFN 200,000, it is clear that the shares are worth more than AFN 200 each on the date they were exchanged for that

property. If an appraisal by the Ministry of Finance shows that the property is worth AFN 1,000,000 and could be sold for this amount, and if the expenses of transferring the stocks are AFN 2,000, then the gain realized by Company C, the (former) owner of the shares will be determined in the following manner:

a.	Market value of the consideration (house)	AFN 1,000,000
b.	Less cost of shares transferred (1,000 x AFN 200)	AFN 200,000
c.	Gain received from the transfer of stocks	AFN 800,000
d.	Minus expense of transfer	AFN 2,000
e.	Net gain realized from the exchange of shares	AFN 798,000

Therefore, the amount AFN 798,000 is the net profit from the exchange of stocks realized by Company C (former owner of the stocks) and they must pay income tax on shares sold. AFN 798,000 should be entered in line 460 of section 3.

Gain from the sale of movable and immovable property (assets) that is physically situated in Afghanistan shall be considered to have an Afghan source and is classed as assessable income.

Gains from the sale of assets include as possibilities:

- Gain from the sale of depreciable business assets
- Gain from the sale of the ownership or interest in any immovable property, mineral deposit, or natural resource in Afghanistan
- Gain from the sale of the ownership or interest in any franchise to do business in Afghanistan
- Gain from the sale of an interest in a domestic or foreign partnership, to the extent the partnership owns assets in Afghanistan.

### Example 7

Company D, a foreign investor, owns a 10 percent interest in the capital and profits of a UK limited liability partnership. The partnership owns mining properties in Afghanistan. If Company D sells the UK partnership interest, the gain (if any) will be considered to have an Afghan source and therefore must be included as assessable income in line 460 (sale of assets).

Gain from the sale of stock in an Afghan corporation or limited liability company is income if the value of the assets of the company results principally from ownership, either directly or indirectly, through other persons. These other persons have ownership of immovable property in Afghanistan or ownership of an interest in immovable property in Afghanistan. The property may include hydrocarbon contracts (eg. Natural gas), mining licenses and mining authorizations (as defined in the Income Tax Law).

The term principally means more than 50 percent, measured by value.

A corporation or limited liability company is considered to indirectly own assets owned through lower-tier entities based on the value of the interest that the upper-tier entity owns in the lower-tier entity. An upper-tier is the entity that has ownership of another entity, that is, of a lower-tier entity. For example, if Company A owns an interest in Company B, then Company A is the upper-tier entity and Company B is the lower-tier entity.

### Example 8

Company E, a foreign investor, owns an interest in an Afghan corporation (Company F). Company F owns all of the issued stock of a second Afghan corporation (Company G). Company F's sole asset is the stock of Company G. Company G's sole asset consists of real property located in Bamiyan province.

If Company E sells the stock of Company F, the gain will be considered to have an Afghan source, because Company F's assets (owned indirectly) principally consist of real property located in Afghanistan.

Losses from the sale or exchange of capital assets used in trade or business are deductible from the taxable income of the taxpayer in the taxable year in which the sale or exchange took place, provided that a gain from such sale or exchange would have been taxable. To do so, the taxpayer must have income which is subject to taxation in the year in which the loss occurred. If he has such income he may deduct the amount of the loss, along with other allowable exemptions and deductions, in computing his taxable income. If he has no income for the year which is taxable under Article 4 of the Income Tax Law, he cannot deduct the loss.

The losses from the sale, exchange or transfer must be entered in line 50 of section 2 of Income Tax Return.

## **Appendix 10: Casualty Loss Worksheet**

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### **A10.1 Introduction**

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Loss of property used for production, collection or preservation of income caused by fire, wind, earthquake, casualty, or disaster of any kind may be deducted to the extent that such a loss was not reimbursed by insurance.

To claim such a deduction, the owner taxpayer must have kept records which clearly show the value or cost of the property lost.

One third of the loss can be claimed in the current year and each of the following two years.

The Casualty Loss worksheet must be used to calculate the amount of Casualty Loss able to be claimed. The total

amount claimable for the tax year is entered at line 670 of Section 4 of the tax return.

A copy of the worksheet must be kept with the taxpayer's records. It does not need to be attached to the Income Tax Return.

The Casualty Loss Worksheet is contained in Appendix 14, Schedules and Worksheets

## **A10.2 Explanation of Casualty Loss Worksheet**

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Complete one line for each instance of damage to movable and immovable property (asset), which meets the definition of a casualty loss within the Income Tax Law. The information in each column must be completed. If more lines are required, copy or print another copy of the Casualty Loss Worksheet.

### **Column 1 – Written Down Value at Time of Loss**

Enter the written down value of the property (asset) at the time of the loss. This information should be obtained from the asset register or depreciation worksheet, with an adjustment for the timing of the loss.

For example, if the loss occurred mid-way during the year, the written down value of the property at the time of the loss would be the adjustable value of the property at the end of the previous year, less the deduction for decline in value for the 6 months the property was in use before the casualty event.

#### **Example 1**

Company A has a major fire at a road construction site. One of Company A's road construction rollers was destroyed in the fire. The fire occurred exactly half-way through the 1389 tax year. The depreciation worksheet for the property shows the following:

Adjustable value at end of year, 1388	AFN 100,000
Depreciation for half the year (20% rate)	AFN 10,000
Written down value at time of loss	AFN 90,000

Company A would enter AFN 90,000 in column 1 for the road construction roller.

### **Column 2 – Insurance Recovery**

Enter the amount of insurance recovery, or payment, for the property damaged by the casualty. If there is no insurance recovery, zero should be entered in column 2 for the property.

### **Column 3 – Net Casualty Loss**

The net casualty loss is the written down value at the time of loss, less the insurance recovery, calculated for each item of property damaged as a result of the casualty.

Subtract column 2 from column 1, and enter the calculated amount at column 3. This needs to be done for each item of property damaged by the casualty.

### **Example 2**

Company B has a major fire at a road construction site. One of Company B's road construction rollers was destroyed in the fire. The fire occurred exactly half-way through the 1389 tax year. The depreciation worksheet for the property shows the following:

Adjustable value at end of year, 1388	AFN 100,000
Depreciation for half the year (20% rate)	AFN 10,000
Written down value at time of loss (column 1)	AFN 90,000
Insurance recovery (column 2)	AFN 50,000
Net casualty loss (column 3)	AFN 40,000

Company A would enter AFN 40,000 in column 3 for the road construction roller.

## **Column 4 – Description of Asset**

Enter the description of the property / asset damaged by the casualty. The description should be the same as the property's description in the asset register or depreciation worksheet. It needs to be sufficient to clearly identify the property.

## **Column 5 – Type of Loss**

Enter the type of casualty loss for each item of damaged property. Casualty types include fire, wind, earthquake, casualty, or other disaster of any kind.

## **Line 300 – Total Casualty Loss**

Add all of the amounts in column 3. Enter the total of column 3, net casualty losses, at line 300 of this worksheet.

## **Line 310 – Calculation of One-Third Total Casualty Loss**

Divide line 300 (total casualty loss) by three to obtain the allowable casualty loss deduction for the tax year. Under the Tax Law, only one-third of the casualty loss is an allowable deduction in the one tax year. Therefore a casualty loss will be deducted over a three-year period.

### **Example 3**

Company C has a major fire at a road construction site. Two of Company C's road construction rollers were destroyed in the fire.

Road construction roller 1 – net casualty loss	AFN 30,000
Road construction roller 2 – net casualty loss	AFN 24,000
Total casualty loss (line 300)	AFN 54,000
One-third calculation (divide line 300 by 3)	AFN 18,000
Company C would enter AFN18,000 in line 310. This is the	



amount of deduction Company C can claim for the casualty / casualties that occurred in the current tax year.

### **Line 320 – Casualty Loss Carry-Forward from Prior Years**

Casualty losses are allowable deductions over a three-year period, that is, one-third each year for three years. Therefore it is possible that in a particular tax year, there are losses carried forward from the previous one or two years, that are allowable deductions in the current year. The taxpayer must have a Casualty Loss Worksheet to support the deduction from prior years.

Enter the casualty loss carried-forward from the previous one or two years at line 320.

#### **Example 4**

Company D has a major fire at a road construction site in 1389.

Total casualty loss for 1389 (line 300)	AFN 54,000
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One-third calculation (line 310)	AFN 18,000
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In 1388, Company D's equipment was damaged in an earthquake with a total casualty loss of AFN 30,000. Company D deducted one-third of that loss in 1388. One-third is an allowable deduction in 1389 and the remaining one-third is an allowable deduction in 1390. Therefore in this example, Company D would have:

Casualty loss carry-forward	AFN10,000
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Company D would enter 10,000 afs in line 320.

### **Line 330 – Total Deduction for Casualty Loss**

Add lines 310 and 320 to calculate the total deduction for casualty loss in the current tax year. Enter this amount at line 330 and also in line 670 of section 4 of the tax return.

# Appendix 11: Depreciation Worksheet

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## A11.1 Worksheet for Depreciation of Property or Assets

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A generic depreciation worksheet is contained in Appendix 14, Schedules and Worksheets. If the taxpayer chooses to use the worksheets for maintenance of asset records, including depreciation, a separate worksheet must be maintained for each depreciation rate, for each tax year the taxpayer has depreciable assets within that category.

The information from the worksheets is used to complete the Depreciation Schedules (Schedule 1 and / or Schedule 2). The worksheets should be retained by the taxpayer for presentation to the Afghanistan Revenue Department, upon request. They should not be attached to the Income Tax Return. Only the completed Schedule 1 and / or Schedule 2 should be attached to the Income Tax Return, for depreciation purposes.

In the examples below an asset with a 50-year life, that is, a two percent depreciation rate has been used.

### Column 1 – Description of Asset

A separate row must be completed for each asset or item of property.

Enter a description that is sufficient to allow the asset to be easily identified. This description should be kept consistent throughout the life of the asset.

### Column 2 – Date of Purchase

Enter the date the asset was purchased or that property transferred to the taxpayer. This date remains consistent from year to year, that is, it does not change for a particular asset.

### **Column 3 – Cost**

Enter the cost, transfer or exchange price of the asset at the time of acquisition, or purchase. This cost remains consistent from year to year, that is, it does not change for a particular asset.

### **Column 4 – Opening Adjustable Value**

The opening adjustable value is the adjustable value at the end of the previous tax year, for the asset. If this is the first year the asset is being depreciated, then the opening adjustable value is the cost of the asset. The adjustable value of an asset is its cost less any decline in value.

### **Balancing Adjustment Events**

If you cease to hold or use a depreciating asset, a 'balancing adjustment event' will occur.

A balancing adjustment event is a normal accounting and tax concept used for depreciation of assets.

A balancing adjustment event occurs for a depreciating asset when you:

- Stop holding it, for example, the asset is sold, lost, destroyed or written-off
- Stop using it and expect never to use it again
- Stop having it installed ready for use and you expect never to install it ready for use again; or you
- Have not used it and decide never to use it.

If there is a balancing adjustment event, you need to calculate a balancing adjustment amount. This amount needs to be taken into account when you work out the capital gain or capital loss on the sale of assets (For more detail on Capital gain/ loss calculations see Appendix 9, Schedule 9 - Capital Gain or Loss).

You work out the balancing adjustment amount by comparing the asset's termination value and its adjustable value at the time of the balancing event. Refer to the Appendix 9 of the Tax Guide for more information on how the balancing adjustment amount is used in this context.

### **Column 5 - Date**

Enter the date of the adjustment event. Example, the date the asset is sold, lost, written off, destroyed, or the date you stop using it, or decommission it.

### **Column 6 – Termination Value**

Enter the termination value. The termination value is generally what you receive or are taken to receive for the asset when a balancing adjustment event occurs. It includes amounts you receive and the market value of non-cash benefits (such as goods or services) you receive for the asset. A termination value may also be an insurance payout for the loss or destruction of a depreciating asset. If an asset is written-off but no value is received or will be received for it, the termination value is zero.

### **Balancing Adjustment Amount**

The balancing adjustment amount is the result of the following calculation:

- Termination Value
- Less: Original cost of asset
- Less: Allowable depreciation claimed in prior years and in the current year
- Equals: Balancing Adjustment Amount

If the taxable use percentage for an asset is less than 100 percent, the same percentage needs to be applied to the balancing adjustment calculation, that is, the taxable use percentage needs to be applied consistently to all parts of the calculation.

### **Column 7 – Assessable**

Where the balancing adjustment amount is a gain, it is income, as part of the capital gain on sale of asset calculation.

Refer to the Tax Guide Appendix 9 for explanation for information on how the balancing adjustment amount is included in the capital gain calculation.

Refer to example 2 below for more detail on the calculation of assessable amount.

### **Column 8 – Deductible**

When the balancing adjustment amount is a loss, it is a deduction, as part of the capital loss on sale of asset calculation.

Refer to the Tax Guide Appendix 9 for an explanation and for information on how the balancing adjustment amount is included in the capital loss calculation.

Refer to example 2 below for more detail on the calculation of assessable amount.

### **Decline in Value**

The decline in value of an asset is the amount of use, or decline that can be assigned to the asset each tax year.

### **Column 9 – Effective Life**

Enter the effective life of the property or asset. The effective life of a category of asset is specified in the Income Tax Manual. Depending on the type of asset, and whether ordinary or accelerated depreciation is applicable, the effective life will be one of 10 possible periods, ranging from two years to 50 years. Additional periods could be used under self-assessment but these need to be able to be supported in discussions with the Afghanistan Revenue Department.

## **Column 10 – % Rate**

Enter the percentage rate that corresponds to the effective life in column 9. The rates are specified in the Income Tax Manual. The percentage rates range from 50 percent to two percent. For example, an effective life of 50 years has a percentage rate of two percent. This is the rate that is used to calculate the decline in value of an asset in the tax year.

## **Column 11 – Taxable use percent**

The taxable use percentage is the percentage the asset is used for taxable purposes, that is, used in the production of income. If an asset is used partly for business and partly for private use, then only depreciation for the taxable or business-use percentage of the asset can be claimed as an allowable deduction.

### **Example 1**

Company A owns a stone building. Three-quarters (75%) of the building is used as a factory by Company A in producing income for Company A. One-quarter (25%) of the building is used by Company A's principal shareholder as a house for his family. Therefore only 75 percent of the building is taxable use. The remaining 25 percent is of a private nature and therefore that portion of the depreciation is not an allowable deduction to Company A.

## **Column 12 – Deduction for Decline in Value**

Enter the deduction for the decline in value of the asset. This amount needs to be individually calculated for each asset.

- 1 For an asset that is held for a full year, with a taxable use of 100 percent, the calculation is:

Original Cost (column 3), multiplied by percentage rate (column 10)

2 If the taxable use is less than 100 percent, then the calculation is:

Cost (column 3), multiplied by percentage rate (column 10), multiplied by taxable use percentage (column 11)

If the period the asset has been in taxable use is less than a full tax year, the results of the relevant calculation, in (1) or (2) above needs to be adjusted to take into account this period, based on apportionment approach described in Section A3.1. The total of all of the amounts in Column 12 (deduction for decline in value) is entered at the bottom on Column 12. This amount is also entered at the relevant line on Schedule 1 – Depreciation.

#### Example 2

Company A purchased Furniture at the cost price of AFN 1,200,000 on 1/1/1383. Company A sold the asset on 31/3/1389 at the sale price of AFN 800,000. The taxable use percentage is 100 percent. Let us assume Company A follows standard depreciation of 10 percent per year as per Income Tax Manual for the rate provide on Furniture.

The worksheet for the year 1389 should be filled as below:

#### **Column 1 – Description of Assets**

Enter here Furniture (Desks)

#### **Column 2 – Date of Purchase**

Enter here 1/1/1383

#### **Column 3 – Cost**

Enter here AFN 1,200,000

#### **Column 4 –Opening Adjustable Value**

This will come from the closing adjustable value at the end of the year 1388. In this case it will be:

Original Cost of the Asset (1/1/1383)	AFN 1,200,000
Less: Depreciation for 5 yrs at 10%	
(10% of 1200,000 multiplied by 5 yrs)	AFN 600,000
Closing Adjustable value at the end of 1388	AFN 600,000

Opening Adjustable value will be the carried forward amount of Closing Adjustable value from the previous year. Therefore Column 4 will the entry in AFN 600,000.

Balance Adjustment Events:

Since the sale occurred during the period this part of the worksheet is also to be completed.

### **Column 5 – Date of Transfer**

Enter here 31/3/1389

### **Column 6 - Termination Value**

Enter the full value of consideration received. In this case it is AFN 800,000

### **Column – 7- 8 Assessable Amount/ Deduction Amount**

The calculation of Assessable amount will be as follows:

Sale proceeds (Termination Value)	AFN 800,000
Less: Opening Adjusted Value	
(as on 1/1/1389)	AFN 600,000
Less: Depreciation of 3 month	
(as asset was sold on 31/3/1389)	AFN 30,000
Assessable Value	AFN 170,000

Therefore in this case AFN 170,000 should be entered in Column 7. If assessable amount is negative resulting in capital loss it should be entered in Column 8 deductible.



**Column – 9      Effective Life**

Enter here 10 years as Income Tax Manual defines the useful life of Desk.

**Column – 10      Percentage Rate**

Enter here 10 percent as the applicable rate for property (desk).

**Column – 11 Taxable Use.**

Enter here 100 percent as it is 100 percent used for the business.

**Column – 12 Deduction for Decline in Value**

This should be calculated as below:

Cost of the asset X depreciation rate X 3/12 (since it was used for 3 month on 1389) X % use Which will be AFN 30,000.  $(1200,000 * 10\% * 3/12 * 100\%)$

Enter AFN 30,000 at column 12.

**Column – 13 Adjustable Value at the end of the year**

This should be zero in this case, as the asset was sold at the end of third month of 1389 and the asset does not exist as on last day of Hoot 1389.

**Column 13 - Adjustable Value at End of Year**

The adjustable value at the end of the year is calculated for each asset by subtracting from the opening adjustable value (column 4) the deduction for decline in value (column 12). The adjustable value at the end of the year becomes the opening adjustable value for an asset at the beginning of the next year.

**Example 3**

If an asset has opening adjustable value of 100,000 at column 4 and deduction for decline in value of AFN 40,000 at column

12. Adjustable value at the end of the year would be AFN 60,000. (Column 4 minus column 12).

## **Appendix 12: Operating Loss Carry-Forward Worksheet**

### **A12.1 Introduction to Worksheet and Net Operating Loss Carried Forward**

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A net operating loss is the amount that exceeds operating income after allowance of operating deductions. It is the net operating loss from an accounting perspective.

A net operating loss can only be offset if there is a net operating profit in the year the loss is to be offset.

There are two separate treatments of net operating losses carried forward depending on whether the taxpayer is a Registered Enterprise. A Registered Enterprise in this context is one that has registered as being approved under the Law on Private Investment in Afghanistan (as amended December 6 2005) with the Afghan Investment Support Agency (AISA). The date from which these provisions can apply is 1 Saratan, 1383 (June 21, 2004) or the first date of Registration, whichever is the later date.

All taxpayers who are registered with AISA, except the following restricted sectors, are considered to be Registered Enterprises and therefore entitled to unlimited carry-forward of losses and accelerated depreciation under the Income Tax Law 2009. The restricted sectors include:

- Production and sale of weapons and explosives
- Non banking finance activities
- Insurance activities
- Investment in Natural Resources (including forestry) and infrastructure (including telecommunications, construction and pipeline set up), but only until special laws, if any, have been promulgated that are applicable

to and govern such Investments after which such Investments shall be governed by such special laws.

Refer to the Law on Private Investment in Afghanistan (as amended December 6 2005) for further information on Registered Enterprises. Article 5 of the law specifically refers to restricted sectors.

Chapter VII of the Income Tax Law 2009 specifically applies to taxation of Insurance Companies. Chapter XII of the Income Tax Law 2009 specifically applies to Taxation Rules for Qualifying Extractive Industry Taxpayers.

For more information on operating loss carried forward, refer to the Income Tax Law 2009 and the Income Tax Manual.

### **Unlimited Loss Carried-Forward**

The effect of registration as a Registered Enterprise is that there is a tax concession that allows the carry-forward of a net operating loss incurred for a financial year until offset in full.

For those approved enterprises which cease to be entitled to tax exemptions from 1 Saratan, 1383 (June, 21, 2004), their entitlement to offsetting of operating losses indefinitely commences with operating losses incurred from 1 Saratan, 1383 or the first date of Registration (whichever is later).

Operating losses incurred between 1 Saratan, 1383 and the date of first Registration do not qualify for the unlimited loss carry-forward concession. They only qualify for the standard loss carried-forward concession.

Operating losses incurred during a tax holiday or tax exemption are not allowed to be carried forward. Being registered as a Registered Enterprise also allows the taxpayer to use accelerated depreciation for depreciable assets. Refer to Appendix 1 and Appendix 2 of this Tax Guide for more information.

## **Standard Loss Carried-Forward**

Operating losses carried-forward as standard losses must be offset within the three years following the year the loss was incurred. be forfeits The loss is offset by the amount of one-third each year. If the taxpayer does not have an operating profit during any or all of those three years, he forfeits the loss that otherwise would have been offset in a specific year.

Operating losses incurred during a tax holiday or tax exemption are not allowed to be carried forward.

A non-Afghan source operating loss cannot be used to offset or reduce Afghan source taxable income. An Afghan source operating loss cannot be used to offset or reduce non-Afghan source taxable income.

### **Example 1**

An Afghan corporation, Company B operates a carpet store in Afghanistan and Pakistan. The Afghan store is located in Jalalabad. The Pakistani store is located in Lahore. Company B purchases carpets that are manufactured in Afghanistan and then sells them to customers in Afghanistan and Pakistan through the two stores. During 1388, the store in Jalalabad generates taxable income of AFN 1,000,000. The store in Lahore generates losses of AFN 900,000. Company B must pay income tax of AFN 200,000 ( $20\% \times \text{AFN } 1,000,000$ ). Company B will not be entitled to deduct its AFN 900,000 of losses from the store in Lahore against its profits from the sales through the Jalalabad store.

### **Example 2**

The facts are the same as in Example 2. In 1389, Company B's Jalalabad store generates a loss of AFN 700,000 and the

Lahore store generates a profit of AFN 800,000. The Lahore store's profits are subject to AFN 320,000 of Pakistani tax. The 1388 loss from the Lahore store may be carried forward and offset against the profits from the Lahore store in 1389. The net profit, after the loss is carried forward is AFN 500,000. Under Article 5 of the Income Tax Law 2009, Company B is entitled to claim a foreign tax credit for the Pakistani taxes that are paid, subject to a limit. The limit equals the amount of the Afghan tax that would be due on the AFN 500,000 income that was generated in Pakistan, or AFN 100,000. The excess of the AFN 320,000 Pakistani taxes over the AFN 100,000 that can be claimed as a credit, cannot be carried forward and used in future years.

The taxpayer must be able to substantiate the amount of loss claimed in the tax year (entered at line 60 section 2 of the Income Tax Return). A worksheet is available for the taxpayer to use to calculate the amount of loss carry-forward. The worksheet is divided into two sections; Section 1: Standard Loss Carried Forward and Section 2: Unlimited Loss Carried Forward. The section or sections that need to be completed depend on whether the taxpayer is Registered (refer above), the date of first Registration and whether they had a tax exemption or tax holiday.

A copy of the worksheet must be kept with the taxpayer's records and produced upon request by the Afghanistan Revenue Department. It does not need to be attached to the Income Tax Return.

The Loss Carry-Forward Worksheet is contained in Appendix 14, Schedules and Worksheets

## **A12.2 Explanation of Loss Carry-Forward Worksheet**

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### **Line 1 - Registered Enterprise Question**

Are you a Registered Enterprise with the Afghan Investment Support Agency (AISA) under the Law on Domestic and

Foreign Private Investment? If you are, write 'Yes' in the shaded box. If you are not Registered, write 'No' in the shaded box.

## **Line 2 - Date of First Registration with AISA**

If you answered 'Yes' to the question at Line 1, then enter the date of first Registration in the shaded box at line 2. The date of first Registration is important as it determines how losses for a particular year can be treated. Losses incurred prior to date of first Registration are dealt with under the standard loss carried-forward provisions (except for losses incurred while the taxpayer had a tax exemption or tax holiday). Only losses incurred after the date of first Registration can be dealt with under the unlimited loss carried-forward provisions.

Section1: Standard Loss Carried-Forward

### **Column 1 – Year of Loss**

Enter the Tax year in which the operating loss occurred.

### **Column 2 – Total Loss**

Enter the total amount of loss occurred during the tax year. If there is profit in that particular year leave the column blank.

### **Column 3 – 9 Years of Carry over losses**

Enter one third of the amount entered in column 2, in each particular column which is not shaded.

Maximum amount of loss which could be set off from the profit  
This is the total of column 3 – 7 for each particular year mentioned in the heading of the column.

Simple example of filling out the loss carry forward section 1 is provided below:

### Example 1

Company A had the following operating results: (Amounts in AFN)

Year of Loss	Total Loss	Years of Carry-Over Losses				
		1383	1384	1385	1386	1387
1382	120,000	40,000	40,000	40,000	None	None
1383	150,000	None	50,000	50,000	50,000	None
Maximum Loss Allowable in Each Year		40,000	90,000	90,000	50,000	None

The taxpayer in this example is permitted to add the losses in 1382 and 1383 to determine the amount of loss that may be deducted against profits in 1384. If a loss is made in 1384, then no claim for losses from 1382 or 1383 can be made in 1384.

If Company A has a profit of, for example, AFN 20,000 in 1384, then a claim of AFN 20,000 loss from combined 1382 and 1383 can be made against this loss. The balance of AFN 70,000 loss carried forward from 1382 and 1383 cannot be recovered or offset in any future years.

## Section 2: Unlimited Loss Carried-Forward

### Column 1 – Year

Enter the tax year in which the operating losses occurred.

### Column 2 – Profit/ Loss for the Year

Enter the amount of profit/ loss incurred during the tax period mentioned in column 1. If there is loss enter the amount in column 2 inside the bracket.

### **Column 3 – Opening Loss Balance**

This is the closing balance of loss for the previous tax period. If you are entering the amount for the year 1389, it should be the closing balance of loss for the period 1388. If you are starting from 1384 (as the company got registered with AISA on 1384) opening balance of loss on 1384 would be Nil.

### **Column 4 - Adjustments**

This is the same amount entered in column 2 as profit and loss taken for adjustment. Loss should be written inside the brackets.

### **Column 5 – Closing Balance of Loss**

Add column 3 and 4 and enter the amount in column 4. Please note that if the column 4 is positive, 0 value should be taken in column 4.

Closing balance of loss of each particular year is the loss which could be carried forward for the next year.

#### **Example 4**

If there is a closing balance of loss of AFN 100,000 for the year 1388; AFN 100,000 is the maximum amount of loss which could be offset from the profit of 1389. Again if there is a profit of AFN 110,000 in 1389, then the whole AFN 100,000 will be offset against the profit of AFN 110,000 leaving the taxable income of AFN 10,000 for the year 1389. At the end of the year 1389 closing balance of loss will be, column 3 + column 4, that is, (AFN 100,000) + AFN110,000 or AFN 10,000 which will be taken as 0 as it is positive. The losses carried for year 1390 (opening balance of loss) will be Nil.

#### **Example 5**

Company C made an operating loss in 1383 of AFN 100,000. In 1384 Company C made an operating profit of AFN 150,000. In the 1384 Income Tax Return, Company C can offset the



AFN 100,000 1383 operating loss against the 1384 operating profit, leaving a net operating profit of AFN 50,000 in the 1384.

If the taxpayer made an operating loss in the 1384 tax year, no offsetting of the 1383 loss is possible in 1384. There is no operating profit to offset it against. The 1383 year operating loss can be carried-forward to such time as there is operating profit to offset it against. The 1384 year operating loss would also be carried-forward.

#### Example 6

Company D made an operating loss in 1383 of AFN 100,000. In 1384 it made an operating profit of AFN 50,000. In the 1384 Income Tax Return Company D offset AFN 50,000 of the 1383 year operating loss against the 1384 year operating profit, leaving a balance of AFN 50,000 operating loss from 1383 to offset in future years.

In 1385 Company D made an operating profit of AFN 150,000. Company D is able to offset the balance of the 1383 operating loss (AFN 50,000) against the 1385 operating profit in the 1385 Income Tax Return.

If the taxpayer made an operating loss in the 1385 tax year, no offsetting of the 1383 loss is possible in 1385. The 1383 year operating loss can be carried-forward to such time as there is operating profit to offset it against. The 1385 year operating loss would also be carried-forward.

## Appendix 13: Penalty Calculation Worksheet

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### A13.1 Introduction

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Under the Income Tax Law 2009 penalties can be assessed for a number of reasons, including failure to :

- 1 Pay the due tax by the due date (Article 100);
- 2 Maintain or provide access to records of business transactions (Article 101);
- 3 Deliver a tax return (Article 102);
- 4 Withhold tax (Article 103);
- 5 Pay tax (Article 104);
- 6 Obtain a Tax Identification Number (Article 105).

The two penalties that have been included in the Income Tax Return for you to self-assess are the penalties under Article 100 and Article 102 of the Income Tax Law 2009.

These self-assessed penalties are included in Section 2 (Tax Payable Calculation) and in the total payment amount made at the bank.

This section of the tax return is used to self-assess penalties for:

- Failure to deliver a tax return by the due date Article 102) and / or;
- Failure to pay the due tax by the due date (Article 100)

Under the Income Tax Law 2009 further penalties for other offences may be imposed by the Afghanistan Revenue Department, even when you have self-assessed penalties under Article 100 and Article 102.

## **A13.2 Explanation of Penalty Calculation worksheet**

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### **13.2.1 Penalty Calculation - Failure to Deliver a Tax Return (Article 102)**

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If you file your Income Tax Return later than 31 Jawza of the succeeding year relevant to the tax year, you are required to self-assess the amount of penalty for failure to deliver a tax return Article 102 of the Income Tax Law 2009. Penalties will apply if you do not have reasonable justification for failing to file your tax return by the due date.

If you file your Income Tax Return on or before 31 Jawza of the succeeding year relevant to the tax year, this penalty does not apply to you.

The amount of penalty is based on the number of whole days you are late filing your income tax return, less any holidays during that period. For Corporations and Limited Liability Companies, the penalty is AFN 1000 per whole day, if the return related to the tax year 1386 or prior years. If the return relates to 1387 and latter year's penalty is AFN 500 per whole day.

The law allows for the imposition of further penalties for failing to file your return by the due date in certain circumstances.

#### **Line 10 –Income Tax Return Filing Due Date (Article 88)**

Generally, the due date for filing your Income Tax Return is 31 Jawza of the succeeding year to which the return relates. This is the date from which the failure to deliver a tax return penalty is calculated.

#### **Line 20 – Date Income Tax Return was Filed**

Enter the date you filed your Income Tax Return. If this date is after 31 Jawza, penalties will apply unless you have reasonable justification for failing to file your tax return by the due date.

#### Example 1

Company A is required to file its Income Tax Return by 31 Jawza, 1389, for the tax year 1388. Company A does not file its tax return for the 1388 year until 10 Saratan 1389, that is, 10 days after the due date. When the Afghanistan Revenue Department asks Company A why it failed to file its tax return on time, Company A personnel respond that they had trouble completing their financial statements. Company A does not have a reasonable excuse for not preparing and filing its tax return on time and a penalty of AFN 5,000 (AFN 500 x 10 days) will apply

#### Example 2

Company B is an Afghan corporation. Company B is required to file its tax return for the 1388 year by 31 Jawza, 1389. Company B fails to file its tax return until the first day of Hamal, 1390. The reason Company B did not file its tax return on time is that its office burned down and all of its financial records were destroyed. Company B filed its tax return as soon as it was able to do so after the fire. Company B has a reasonable excuse for failing to file its return by the due date and will not be subject to the AFN 500 per day penalty on this occasion.

#### **Line 30 – Number of Days from due date to 30 Hut 1387**

If you are filing return for 1386 and prior years enter here the number of days, difference in whole days, between 31 Jawza of the year following the tax year and 30 Hut 1387. The difference days should also include the day in which income tax return is filled.

If you are filing income tax return for 1387 and latter year leave this line blank.

### Example 3

Using the information from Example 1:

In line 30 of Section 5, Company A enters 10.

### **Line 40 – Number of Holidays in the Period between the due date and 30 Hut 1387**

Calculate the number of official holidays in the period the due date of filing the return and 30 Hut 1387. Enter this number at line 40.

### **Line 50 – Number of Penalty Days between due date and 30 Hut 1387**

Calculate the number of penalty days by subtracting the number of holidays at line 40 from the number of days late at line 30. Enter this amount at line 50.

### Example 4

Using the information from Example 1, assume there was one official holiday during the 10 days that the return was late. Company A will complete its return as follows:

Number of days late (Line 30)	10
Number of holidays (Line 40)	1
Number of penalty days (Line 50)	9

### **Line 60 – Amount of Penalty**

Calculate the amount of penalty by multiplying line 50 (number of penalty days) by AFN 1000.

**Line 70 – Number of Days the return is late in the year 1388 and latter years**

Enter here the number of days the return is late in the year 1388 and latter years.

**Example 5**

Tax payer filled the tax return for the year 1386 on 31 Jawza 1388.

Difference of the days between 31 Jawza 1387 and 30 Hut 1387 should be entered at line 30.

And difference of the days between 1 Hamal 1388 to 31 Jawza 1388 should be entered in Line 70.

**Line 80 – Number of Holidays in the 1388 or subsequent tax period the return is late**

Calculate the number of official holidays in the period 1388 and succeeding year the return is late. Enter this number at line 80.

**Example 6**

In the example 5 above, if there is 5 official holiday between 1 Hamal 1388 to 31 Jawza 1388. 5 should be entered on line 80.

**Line 90 – Number of Penalty Days**

Calculate the number of penalty days by subtracting the number of holidays at line 80 from the number of days late at line 70. Enter this amount at line 90.

**Line 100 – Amount of Penalty**

Calculate the amount of penalty by multiplying line 90 (number of penalty days) by AFN 500.

## **Line 110 – Total Amount of Penalty**

Add line 60 and line 100.

- Enter the total amount at:
- line 110, on this page, and
- line 180 (failure to deliver a tax return – self assessed penalty) in Section 2 (Tax Payable Calculation).

### **13.3.2 Penalty Calculation - Failure to Pay the Due Tax by the Due Date (Article 100)**

---

If you have paid the due tax calculated in the Income Tax Return later than 31 Jawza of the succeeding year relevant to the tax year you are required to self-assess the amount of penalty for failure to pay the due tax by the due date.

This penalty applies even if your income tax return is filed on time.

If you pay the amount of due tax by the due date this penalty does not apply to you.

The amount of penalty is based on the number of whole days you are late paying your due tax. The penalty is 0.1 percent per day of the amount of unpaid tax liability, including income tax and business receipts tax.

## **Line 120 –Income Tax Return Payment Due Date**

Generally, the due date for paying your Income Tax Return payment is 31 Jawza of the succeeding year relevant to the tax year.

## **Line 130 – Date Income Tax will be Paid**

Enter the date you are paying your tax due. If this date is after 31 Jawza of the following year for which the tax is paid, then penalties will apply.

### **Line 140 – Number of Days Late**

Calculate the difference in whole days from due date for payment up to and including the date the tax due will be paid. Enter this amount at line 120.

#### **Example 7**

Company C is required to pay its income tax due by 31 Jawza, 1389. Company C does not pay its tax due for the 1388 year until 11 Saratan, 1389. The number of whole days that payment is late is 11 days. This is calculated from the day after the due date up to and including the date of payment.

In line 140, Company C will enter 11

### **Line 150 – Amount of tax not paid by Due Date**

Enter the amount of tax not paid by the Due Date at line 140.

### **Line 160 – Amount of Penalty**

Calculate the amount of penalty by multiplying line 140 (amount of tax not paid by due date) by 0.001 (0.1%) multiplied by line 140 (number of days late).

Enter the amount at:

- Line 160 on this page, and
- Line 190 (failure to pay the due tax by the due date – self assessed penalty) in Section 2 (Tax Payable Calculation).

#### **Example 8**

Company D is required to file its 1389 Income Tax Return and pay the tax due by 31 Jawza, 1389. Company D does not file its Income Tax Return or pay the tax due until 10 days after the end of Jawza. Therefore the number of whole days that the payment is late is 10 days. The income tax liability shown on the return is AFN 100,000. The amount of penalty for failure to pay by the due date is AFN 1,000 (AFN 100,000 x 0.001 x 10 days).



In line 160 of Section 5 and in line 190 of Section 2 (Tax Payable Calculation), Company A will enter 1,000

#### Example 9

The facts are the same as in Example 7, except that Company D files its tax return by the due date. However, as the tax was paid 10 days late, additional tax for late payment of tax is imposed. The amount is the same as in Example 7. The fact that Company D filed its tax return (but did not pay) on time is not relevant.

### **Appendix 14: Schedules and Worksheets**

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The Schedules and Worksheets are contained in this Appendix.

If the taxpayer is required to complete a Schedule or Worksheet they need to either print or copy the Schedule or Worksheet.

The relevant section of the Income Tax Form and the related section of the Tax Guide instruct the taxpayer on when and how to complete the Schedule or Worksheet.

If a Schedule is completed, it must be attached to the Income Tax Return.

If a Worksheet is completed, it should not be attached to the Income Tax Return. However it must be retained by the taxpayer and produced upon request of the Afghanistan Revenue Department.

The current list of Schedules and Worksheets, contained in this Tax Guide are:

**Schedules:**

Schedule 1 – Ordinary Depreciation

Schedule 2 – Accelerated Depreciation

Schedule 3 – 2% and 5% Business Receipts Tax Reconciliation

Schedule 4 – 10% Business Receipts Tax Reconciliation

Schedule 5 – Receipts or Payments with a Connected  
Person (Transfer Pricing)

Schedule 6 – Payments or Amounts Incurred to a Foreign  
Branch or Foreign Headquarters (Deemed  
Dividends)

Schedule 7 – Foreign Tax Credit Calculation

Schedule 8 – Balance Sheet

Schedule 9 – Capital Gain or Loss

**Worksheets:**

Casualty Loss Worksheet

Depreciation Worksheet

Operating Loss Carried-Forward Worksheet

Penalty Calculation Worksheet

**Schedule 1 - Ordinary Depreciation (Complete Annual Income Tax Return for Corporations and Limited Liability Companies)**



جدول ۱ - استهلاک معمولی (اظهاری نامه مکمل سالانه مالیات بر عایدات برای شرکت های سهامی و محدودالمسؤولیت)


Version: 2011-01-028-001-ED

1	Taxpayer Identification Number	<input type="text"/>	نمبر تشخیصیه نهاد
2	Name of Taxpayer	<input type="text"/>	اسم مالیه نهاد

**Ordinary Depreciation**

استهلاک عادی

	محاسبه استهلاک در ورق سنجش یا دفتر ثبت دارائی ها صورت میگیرد	نورم استهلاک	مجرائی استهلاک (افغانی)	صنف بندی دارائی ها	
	Depreciation Calculation is contained in the worksheet or asset register	Rate	Depreciation deduction (Afs)	Classification of property	
10	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۵۰٪ 50%	افغانی AFS	دارائی با حیات کمتر دو سال 2-year property	۱۰
20	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۳۳٪ 33%	افغانی AFS	دارائی با حیات کمتر سه سال 3-year property	۲۰
30	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۲۵٪ 25%	افغانی AFS	دارائی با حیات کمتر چهارسال 4-year property	۳۰
40	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۲۰٪ 20%	افغانی AFS	دارائی با حیات کمتر پنج سال 5-year property	۴۰
50	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۱۵٪ 15%	افغانی AFS	دارائی با حیات کمتر شش و نیم سال 6.5-year property	۵۰
60	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۱۴٪ 14%	افغانی AFS	دارائی با حیات کمتر هفت سال 7-year property	۶۰
70	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۱۰٪ 10%	افغانی AFS	دارائی با حیات کمتر ده سال 10-year property	۷۰
80	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۶٪ 6%	افغانی AFS	دارائی با حیات کمتر شانزده و نیم سال 16.5-year property	۸۰
90	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۵٪ 5%	افغانی AFS	دارائی با حیات کمتر بیست سال 20-year property	۹۰
100	از ورق سنجش یا دفتر ثبت دارائی ها اخذ گردد From worksheet or asset register	۲٪ 2%	افغانی AFS	دارائی با حیات کمتر پنجاه سال 50-year property	۱۰۰
110	نورم ونوعیت دارائی که در یکی از کتگوری های فوق تشریح شده نمیتواند Self assessed rate and classification		افغانی AFS		۱۱۰
120	نورم ونوعیت دارائی که در یکی از کتگوری های فوق تشریح شده نمیتواند Self assessed rate and classification		افغانی AFS		۱۲۰
130	نورم ونوعیت دارائی که در یکی از کتگوری های فوق تشریح شده نمیتواند Self assessed rate and classification		افغانی AFS		۱۳۰
140	نورم ونوعیت دارائی که در یکی از کتگوری های فوق تشریح شده نمیتواند Self assessed rate and classification		افغانی AFS		۱۴۰
150	نورم ونوعیت دارائی که در یکی از کتگوری های فوق تشریح شده نمیتواند Self assessed rate and classification		افغانی AFS		۱۵۰
160	نورم ونوعیت دارائی که در یکی از کتگوری های فوق تشریح شده نمیتواند Self assessed rate and classification		افغانی AFS		۱۶۰
200	Total ordinary depreciation for all assets (add amounts from line 10 to line 160) enter here and at line 690 in Section 4)	AFS	افغانی	مجموع استهلاک معمولی بابت تمام دارائی ها ((سطور ۱۰ الی ۱۶۰ جمع گردد)) عدد حاصله در اینجا و سطر 6۹۰ بخش چهارم درج گردد))	۲۰۰
Ministry of Finance/Yellow (leave with Tax Return) وزارت مالیه/زرد (ضمیمه اظهارنامه گردد)				Taxpayer/Blue مالیه دهنده/آبی	

Schedule 2 - Accelerated Depreciation (Complete Annual Income Tax Return for Corporations and Limited Liability Companies)		 جدول 2 - استهلاك سريع (اظهارنامه مڪمل سالانه ماليات پرعائدات برای شرکت های سهامی و محدودالمسؤوليت)	
		Version: 2011-03-028-001-ED	
1	Taxpayer Identification Number	<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; justify-content: space-around;"> <span> </span><span> </span><span> </span><span> </span><span> </span><span> </span><span> </span><span> </span><span> </span><span> </span> </div> نمبر تشخیصیه نهاد	
2	Name of Taxpayer	اسم مالیه نهاد	
<b>Accelerated Depreciation</b> استهلاك سريع			
	Accelerated depreciation? (see Tax Guide for who qualifies)	Yes / No	آیا استهلاك سريع قابل تطبيق است؟ (به رهنما مالیاتی مراجعه کنید) بله/خیر
	آیا استهلاك سريع قابل تطبيق است؟ (جهت اخذ در مورد اشخاص واجد شرایط به رهنما مالیاتی مراجعه گردد) Depreciation Calculation is contained in the worksheet or asset register	نوم استهلاك Rate	مجرائی استهلاك (افغانی) Depreciation deduction (Afs) Classification of property
10	از ورق سنجش یا دفتر ثبت دارائی ها گردد From worksheet or asset register	۵۰٪ 50%	افغانی AFS دارائی با حیات کمتر دو سال 2-year property
20	از ورق سنجش یا دفتر ثبت دارائی ها گردد From worksheet or asset register	۲۵٪ 25%	افغانی AFS دارائی با حیات کمتر چهار سال 4-year property
100	Total accelerated depreciation for all assets ((add amounts on line 10 and 20) enter here and at line 700 in Section 4))	AFS	مجموع استهلاك بابت تمام دارائی ها ((مطور ۱۰ و ۲۰ جمع شده) عدد حاصله در اینجا و سطر 7۰۰ بخش چهارم درج گردد)) افغانی
Ministry of Finance/Yellow (leave with Tax Return) وزارت مالیه/زرد (ضم اظهارنامه گردد)		Taxpayer/Blue مالیه دهنده/آبی	

**Schedule 3 - Business Receipts Tax  
Reconciliation (Complete Annual Income Tax  
Return for Corporations and Limited Liability  
Companies)**



جدول 3 - توحيد ماليه معاملات انتفاعي (اظهارنامه مكمل سالانه  
ماليات بر عايدات برای شرکت های سهامی و محدودالمسؤوليت)

Version: 2011-03-028-001-ED

1	Taxpayer Identification Number				نمبر تشخیصیه نهاد	۱
2	Name of Taxpayer				اسم نهاد	۲

		سرجمع عوايد سال (قبل از هرنوع كسرات)			
		Gross Receipts for the Year (before any deductions)			
		2 % Business Receipt Tax			
10	Gross receipts of goods and services of legal persons	AFS	افغنی	عوايد نالخاص الشخص حکمی بابت اجناس و خدمات	۱۰
20	Gross receipts of goods and services of 750,000 afghani or more of natural persons	AFS	افغنی	عوايد نالخاص الشخص حققی بابت اجناس و خدمات که مبلغ ۷۵۰۰۰۰ افغانی یا اضافه از ان باشد.	۲۰
30	Gross receipts of hotels, restaurants, and guesthouses with total quarterly receipts below 750,000 afghani	AFS	افغنی	عوايد نا خالص هتل ها، رستوران ها و مهمانخانه ها که ربعوار کمتر از ۷۵۰۰۰۰ افغانی باشد.	۳۰
40	Total (Add line 10 through to line 30)	AFS	افغنی	مجموع (سطور ۱۰ الی ۳۰ جمع گردند)	۴۰
50	Multiple line 40 by 2% (Enter here and on line 630 of Section 4)	AFS	افغنی	سطر ۴۰ ضرب در ۲% (عدد حاصله در اینجا و سطر ۶۳۰ بخش چهارم درج گردند)	۵۰
60	Q1 Amount of 2% BRT already paid	AFS	افغنی	۲% ماليه معاملات انتفاعي تاديه شده ربع اول	۶۰
70	Q2 Amount of 2% BRT already paid	AFS	افغنی	۲% ماليه معاملات انتفاعي تاديه شده ربع دوم	۷۰
80	Q3 Amount of 2% BRT already paid	AFS	افغنی	۲% ماليه معاملات انتفاعي تاديه شده ربع سوم	۸۰
90	Q4 Amount of 2% BRT already paid	AFS	افغنی	۲% ماليه معاملات انتفاعي تاديه شده ربع چهارم	۹۰
100	Total amount of 2% BRT already paid (Add lines 60 to 90)	AFS	افغنی	مجموع مبلغ ۲% ماليه معاملات انتفاعي تاديه شده (سطور 60 الی 90 جمع گردند)	۱۰۰
110	Total amount of 2% BRT payable ((subtract line 100 from line 50) Enter here and on line 140 of Section 2))	AFS	افغنی	مجموع ۲% ماليه معاملات انتفاعي قابل تاديه ((سطر ۱۰۰ از سطر 50 تفریق گردند) عدد حاصله در اینجا و سطر ۱۴۰ بخش دوم درج گردند))	۱۱۰
		5 % Business Receipt Taxes			
200	Gross receipts of hotels, restaurants, and guesthouses with total monthly income more than 750,000	AFS	افغنی	عوايد نا خالص هتل ها، رستوران ها و مهمانخانه ها با عوايد مجموعی ماهوار بیشتر از 750,000	۲۰۰
210	Gross receipts of halls and clubs where events are held	AFS	افغنی	عوايد نا خالص سالون ها و کلوب های برگزاری محافل	۲۱۰
220	Total (Add line 200 and line 210)	AFS	افغنی	مجموعه (سطور 20۰ الی 21۰ جمع گردند)	۲۲۰
230	Multiple line 220 by 5% (Enter here and on line 640 of Section 4)	AFS	افغنی	سطر ۲2۰ ضرب در ۵% (عدد حاصله در اینجا و سطر 6۴۰ بخش چهارم درج گردند)	۲۳۰
240	Q1 Amount of 5% BRT already paid	AFS	افغنی	۵% ماليه معاملات انتفاعي تاديه شده ربع اول	۲۴۰
250	Q2 Amount of 5% BRT already paid	AFS	افغنی	۵% ماليه معاملات انتفاعي تاديه شده ربع دوم	۲۵۰
260	Q3 Amount of 5% BRT already paid	AFS	افغنی	۵% ماليه معاملات انتفاعي تاديه شده ربع سوم	۲۶۰
270	Q4 Amount of 5% BRT already paid	AFS	افغنی	۵% ماليه معاملات انتفاعي تاديه شده ربع چهارم	۲۷۰
280	Total amount of 5% BRT already paid (Add line 240 to line 270)	AFS	افغنی	مجموع ۵% ماليه معاملات انتفاعي تاديه شده (سطور ۲4۰ الی ۲7۰ جمع گردند)	۲۸۰
290	Total amount of 5% BRT payable ((subtract line 280 from line 230) Enter here and on line 150 of Section 2))	AFS	افغنی	مجموع ۵% ماليه معاملات انتفاعي قابل تاديه ((سطر ۲8۰ از سطر ۲3۰ تفریق گردند) عدد حاصله در اینجا و سطر ۱5۰ بخش دوم درج گردند))	۲۹۰

Ministry of Finance/Yellow (leave with Tax Return) وزارت ماليه/زرد (ضمم اظهارنامه گردند)		Taxpayer/Blue ماليه دهنده/آبی	
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**Schedule 4 - 10% Business Receipts Tax  
Reconciliation (Complete Annual Income Tax  
Return for Corporations and Limited Liability  
Companies)**



جدول 4 - 10% توحيد ماليه معاملات انتفاعي (اظهارنامه مڪمل  
سالانه ماليات بر عايدات برای شرکت های سهامی و  
محدودالمسوليت)

Version: 2011-03-028-001-ED

1	Taxpayer Identification Number				نمبر تشخیصیه نهاد
2	Name of Taxpayer				اسم نهاد
			سرجمع عوايد سال (قبل از هر نوع كسرات)		
			Gross Receipts for the Year (before any deductions)		
			10 % Business Receipt Taxes		
10	Gross receipts of luxury or premium hotels and restaurants (Article 66(5) of the Income Tax Act 2009)		AFS	افغانی	عوايد نا خالص هوټل ها و رستورانټ های مجلل و قيمتی (فقره ۵ ماده ۶۶ قانون ماليات بر عايدات سال ۱۳۸۷)
20	Gross receipts for provision of services (communications and air transport)		AFS	افغانی	عوايد نا خالص بابت عرضه خدمات (مخابرات و ترانسپورت هوایی)
30	Total (Add line 10 and line 20)		AFS	افغانی	مجموع (سطور ۱۰ و ۲۰ جمع گرند)
40	Multiply line 30 by 10% (Enter here and on line 650 of Section 4)		AFS	افغانی	سطر 3۰ ضرب در 10% (عدد حاصله در اینجا و سطر 65۰ بخش چهارم درج گرند)
50	Q1	Amount of 10% BRT already paid	AFS	افغانی	10% ماليه معاملات انتفاعي تاديه شده ريع اول
60	Q2	Amount of 10% BRT already paid	AFS	افغانی	10% ماليه معاملات انتفاعي تاديه شده ريع دوم
70	Q3	Amount of 10% BRT already paid	AFS	افغانی	10% ماليه معاملات انتفاعي تاديه شده ريع سوم
80	Q4	Amount of 10% BRT already paid	AFS	افغانی	10% ماليه معاملات انتفاعي تاديه شده ريع چهارم
90	Total amount of 10% BRT already paid (Add lines 50 to line 80)		AFS	افغانی	مجموع 10% ماليه معاملات انتفاعي تاديه شده (سطور 5۰ الی 8۰ جمع گرند)
100	Total amount of 10% BRT payable ((subtract line 90 from line 40) Enter here and on line 160 of Section 2))		AFS	افغانی	مجموع 10% ماليه معاملات انتفاعي قابل تاديه ((سطر 9۰ از سطر 40 تفریق گرند) عدد حاصله در اینجا و سطر ۱6۰ بخش دوم درج گرند)
Ministry of Finance/Yellow (leave with Tax Return) وزارت ماليه/زرد (ضمم اظهارنامه گرند)			Taxpayer/Blue ماليه دهنده/آبی		

**Schedule 5 - Receipts or Payments with a Connected Person (Transfer Pricing)  
(Complete Annual Income Tax Return for Corporations and Limited Liability Companies)**



جدول 5: عواید یا تادیات به اشخاص مرتبط (قیمت گذاری انتقالی) (نظاریانه مکمل سالانه مالیات بر عایدات برای شرکت های سهامی و محدودالمسولیت)

Version: 2011-03-028-001-ED

1	Taxpayer Identification Number		نمبر تشخیصیه نهاد	۱
2	Name of Taxpayer		اسم نهاد	۲

عواید را داخل قوسین ( ) قرار دهید. Place brackets ( ) around receipts

Note: all receipts and payments must be at the market rate یادداشت: تمام مصارف و عواید باید به نرخ روز باشند.

10	Advertising and entertainment	AFS	افغانی	اعلانات و ضیافت ها	۱۰
20	Bad debts	AFS	افغانی	قرضه های لاحصول	۲۰
30	Car and truck expenses	AFS	افغانی	مصارف وسایط نقلیه	۳۰
40	Commissions and fees	AFS	افغانی	کمیشن و اجرت ها	۴۰
50	Insurance	AFS	افغانی	بیمه	۵۰
60	Interest, discounts	AFS	افغانی	تکانه، تخفیف	۶۰
70	Loans - interest bearing	AFS	افغانی	قرضه ها - با تکانه	۷۰
80	Loans - interest free	AFS	افغانی	قرضه ها - بدون تکانه	۸۰
90	Legal and professional services	AFS	افغانی	خدمات حقوقی و مسلکی	۹۰
100	Office expenses	AFS	افغانی	مصارف اداری (دریافت شده/ تادیه شده)	۱۰۰
110	Management, financial, administrative, marketing, training	AFS	افغانی	مصارف / عواید مالی، اداری، بازاریابی، آموزشی و	۱۱۰
120	Repairs and maintenance	AFS	افغانی	مصارف / عواید بابت ترمیمات، حفظ و مرأبیت	۱۲۰
130	Rent or lease payments	AFS	افغانی	کرایه تادیه شده / عواید بابت کرایه	۱۳۰
140	Research and development	AFS	افغانی	مصارف/ عواید بابت تحقیق و انکشاف	۱۴۰
150	Royalties	AFS	افغانی	حق الامتیار تادیه شده/ حاصله	۱۵۰
160	Stock in trade and raw materials	AFS	افغانی	مالتهاره و مواد خام	۱۶۰
170	Supplies	AFS	افغانی	تدارکات و اجناس	۱۷۰
180	Technical, construction	AFS	افغانی	مصارف / عواید تخنیکي و ساختمانی	۱۸۰
190	Utilities	AFS	افغانی	مصارف برق، آب، تلفون وغیره (تادیه شده توسط شخص ثالث)	۱۹۰
200	Other receipts not already listed	AFS	افغانی	سایر عواید که در فوق ذکر نشده	۲۰۰
210	Other payments not already listed	AFS	افغانی	سایر مصارف یا تادیات که در فوق ذکر نشده	۲۱۰
250	Total receipts (add all lines with amounts in brackets ( ))	AFS	افغانی	مجموع عواید (تمام سطور که داخل قوسین اند جمع میشوند)	۲۵۰
300	Total pavments (add all other lines)	AFS	افغانی	مجموع مصارف یا تادیات (تمام سطور بدون	۳۰۰

Schedule 6 - Payments or Amounts Incurred to a Foreign Branch or Foreign Headquarters (Deemed Dividends) (Complete Annual Income Tax Return for Corporations and Limited Liability Companies)				 <p>جدول 6: تادیات یا مبالغ که منحبیت مقروضیت نمایندگی یا دفتر مرکزی خارجی شناخته شده است (بنا منحبیت مفاد سهم تلقی میگردد) (اظهار نامه مکمل مالیات بر عایدات برای شرکت های سهامی و محدودالمسولیت)</p>	
				Version: 2011-03-028-001-ED	
1	Taxpayer Identification Number	<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; justify-content: space-around;"> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> <div style="width: 15px; height: 15px;"></div> </div>		نمبر تشخیصیه نهاد	
2	Name of Taxpayer			اسم نهاد	
<p>تادیات یا مبالغ که منحبیت دین نمایندگی یک نهاد خارجی به یک بخش دیگر نهاد خارجی شناخته شده و در نتیجه مفاد سهم تلقی میگردد</p> <p>Payments or Amounts Incurred by a branch of a foreign entity to another part of the foreign entity are deemed to be Dividends</p>					
10	Advertising and entertainment	AFS	افغانی	اعلانات و ضیافت ها	
20	Bad debts	AFS	افغانی	قرضه های لا حصول	
30	Car and truck expenses	AFS	افغانی	مصارف وسایط نقلیه	
40	Commissions and fees	AFS	افغانی	کمیشن و اجرت ها	
50	Insurance	AFS	افغانی	بیمه	
60	Interest, discounts	AFS	افغانی	تکانه، تخفیف	
70	Loans - interest bearing	AFS	افغانی	قرضه ها - با تکانه	
80	Loans - interest free	AFS	افغانی	قرضه ها - بدون تکانه	
90	Legal and professional services	AFS	افغانی	خدمات حقوقی و مسلکی	
100	Office expenses	AFS	افغانی	مصارف اداری (دریافت شده/ تادیه شده)	
110	Management, financial, administrative, marketing, training	AFS	افغانی	مصارف / عواید مالی، اداری، بازاریابی، آموزشی و غیره	
120	Repairs and maintenance	AFS	افغانی	مصارف / عواید بابت ترمیمات، حفظ و مراقبت	
130	Rent or lease payments	AFS	افغانی	کرایه تادیه شده / عواید بابت کرایه	
140	Research and development	AFS	افغانی	مصارف/ عواید بابت تحقیق و انکشاف	
150	Royalties	AFS	افغانی	حق الامتياز تادیه شده/ حاصله	
160	Stock in trade and raw materials	AFS	افغانی	مالتجاره و مواد خام	
170	Supplies	AFS	افغانی	تدارکات و اجناس	
180	Technical, construction	AFS	افغانی	مصارف / عواید تخنیکي و ساختمانی	
190	Utilities	AFS	افغانی	مصارف برق، آب، تلفون و غیره (تادیه شده توسط شخص ثالث)	
200	Other payments or amounts	AFS	افغانی	سایر عواید که در فوق ذکر نشده	
250	Total payments or amounts incurred (add lines 10 through to line 200) enter here and add to line 710 in Section 4)	AFS	افغانی	مجموع تادیات یا مبالغ متقبل شده ((سطور ۱۰ الی ۲۰۰ جمع میگردد) عدد حاصله در اینجا و سطر ۷۱۰ بخش چهارم درج میگردد))	
300	Have any of these payments been included at other line 710 of Section 4, Allowable Deduction Calculation?	Yes / No	بلی/ خبر	آیا یکی از این نوع تادیات شامل سطر ۷۱۰ بخش چهارم (محاسبه کسرات قابل مجرائی) گردیده است؟	
350	Have any of these payments been included at other lines of Section 4, Allowable Deduction Calculation?	Yes / No	بلی/ خبر	آیا یکی از این نوع تادیات شامل یکی از سطور در بخش چهارم (محاسبه کسرات مجاز) گردیده است؟	
Ministry of Finance/Yellow (leave with Tax Return)				Taxpayer/Blue	
وزارت مالیه/ زرد (ضمیم اظهار نامه گرد)				مالیه دهنده/ آبی	



<b>Schedule 7 - Foreign Tax Credit</b> <b>Calculation (Complete annual Income Tax</b> <b>Return for Corporations and Limited</b> <b>Liability Companies)</b>		<b>جدول ۷ - سنجش مجرانی مالیات خارجی (اظهارنامه مکمل مالیات بر عایدات برای شرکت های سهامی و محدودالمسئولیت)</b>	
Version: 2011-03-028-001-D			
<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>		نمبر تشخیصیه مالیه دهنده	
اسم مالیه			
محاسبه مجرانی مالیات تادیه شده در کشور ۱			
اسم کشور:			
۱	مجموع مالیات بر عایدات (سطر 80 بخش ۲ اظهارنامه مالیاتی)	افغانی	
۲	عواید قابل مالیه از منبع خارجی (برای یک کشور)	افغانی	
۳	خسارات قابل مالیه خارجی، انتقال داده شده از سال های گذشته	افغانی	
۴	عواید قابل مالیه خالص برای یک کشور (سطر ۳ منفی سطر ۲)	افغانی	
۵	سطر ۱ ضرب در سطر ۴	افغانی	
۶	مجموع عواید قابل مالیه از تمام کشورها (سطر ۷۰ بخش ۲ اظهارنامه مالیاتی سالانه)	افغانی	
۷	مجرانی مالیات تادیه شده ۱ (سطر ۵ تقسیم بر سطر ۶)	افغانی	
مجموع مجرانی مالیات تادیه شده از عواید قابل مالیه برای کشور این کشور عبارت از عدد حاصله فوق ویا مبلغ واقعی مالیه تادیه شده در کشور خارجی میباشد (هرکدام که کمتر باشد)			
مجرانی مالیات تادیه شده در کشور ۱		افغانی	
محاسبه مجرانی مالیات تادیه شده در کشور ۲			
اسم کشور:			
۱	مجموع مالیات بر عایدات (سطر 80 بخش ۲ اظهارنامه مالیاتی)	افغانی	
۲	عواید قابل مالیه از منبع خارجی (برای یک کشور)	افغانی	
۳	خسارات قابل مالیه خارجی، انتقال داده شده از سال های گذشته	افغانی	
۴	عواید قابل مالیه خالص برای یک کشور (سطر ۳ منفی سطر ۲)	افغانی	
۵	سطر ۱ ضرب در سطر ۴	افغانی	
۶	مجموع عواید قابل مالیه از تمام کشورها (سطر ۷۰ بخش ۲ اظهارنامه مالیاتی سالانه)	افغانی	
۷	مجرانی مالیات تادیه شده ۱ (سطر ۵ تقسیم بر سطر ۶)	افغانی	
مجموع مجرانی مالیات تادیه شده از عواید قابل مالیه برای کشور این کشور عبارت از عدد حاصله فوق ویا مبلغ واقعی مالیه تادیه شده در کشور خارجی میباشد (هرکدام که کمتر باشد)			
مجرانی مالیات تادیه شده در کشور ۲		افغانی	
مجرانی مالیات تادیه شده در کشور ۳			
اسم کشور:			
۱	مجموع مالیات بر عایدات (سطر 80 بخش ۲ اظهارنامه مالیاتی)	افغانی	
۲	عواید قابل مالیه از منبع خارجی (برای یک کشور)	افغانی	
۳	خسارات قابل مالیه خارجی، انتقال داده شده از سال های گذشته	افغانی	
۴	عواید قابل مالیه خالص برای یک کشور (سطر ۳ منفی سطر ۲)	افغانی	
۵	سطر ۱ ضرب در سطر ۴	افغانی	
۶	مجموع عواید قابل مالیه از تمام کشورها (سطر ۷۰ بخش ۲ اظهارنامه مالیاتی سالانه)	افغانی	
۷	مجرانی مالیات تادیه شده ۱ (سطر ۵ تقسیم بر سطر ۶)	افغانی	
مجموع مجرانی مالیات تادیه شده از عواید قابل مالیه برای کشور این کشور عبارت از عدد حاصله فوق ویا مبلغ واقعی مالیه تادیه شده در کشور خارجی میباشد (هرکدام که کمتر باشد)			
مجرانی مالیات تادیه شده در کشور ۳		افغانی	
عواید مجموعی خارجی - تمام کشورها			
مبلغ حاصله را در اینجا و در سطر 420 بخش سوم اظهارنامه مالیات بر عایدات درج نمایید.		افغانی	
مجموع مجرانی بابت مالیات تادیه در خارج - برای تمام کشور ها (عدد حاصل در سطر ۸۰ بخش ۲ اظهارنامه مالیاتی درج گردد)			
مبلغ حاصله را در اینجا و در سطر 90 بخش دوم اظهارنامه مالیات بر عایدات درج نمایید.		افغانی	
مالیه دهنده/ نقل آبی		وزارت مالیه/نقل زرد (ضم اظهارنامه گردد)	
Taxpayer/Blue		Ministry of Finance / Yellow (leave with Tax Return)	

Schedule 8 - Balance Sheet (Complete)				 جدول 8 - بیلان (اظهاری نامه مکمل سالانه مالیات، بر عایدات برای شرکت های سهامی و محدودالمسئولیت)	
Annual Income Tax Return				Version: 2011-03-028-001-ED	
Corporations and Limited Liability Companies)					
1	Taxpayer Identification Number			۱. نمبر تشخیصیه نهاد	
2	Name of Taxpayer			۲. اسم نهاد	
<b>Assets</b>		<b>Current Tax Year</b> سال جاری مالیاتی	<b>Previous Tax Year</b> سال مالیاتی گذشته	<b>دارائی ها</b>	
<b>Current Assets</b>				<b>دارائی های جاری</b>	
10	Cash and Cash Equivalents at Bank	AFS		افغانی	۱۰. پول نقد و معادل آن در بانک
20	Cash and Cash Equivalents on Hand	AFS		افغانی	۲۰. پول نقد موجود و معادل آن
30	Financial Investments	AFS		افغانی	۳۰. سرمایه های مالی
40	Inventories / Finished Goods	AFS		افغانی	۴۰. مال موجود / اجناس کار تمام
50	Other Intangible Assets	AFS		افغانی	۵۰. سایر دارائی های غیر ملموس
60	Raw Materials	AFS		افغانی	۶۰. مواد خام
70	Trade and Other Receivables	AFS		افغانی	۷۰. معاملات و سایر طلبیات
80	Work in Progress / Unfinished Goods	AFS		افغانی	۸۰. محصولات/اجناس نا تمام
90	Other Current Assets	AFS		افغانی	۹۰. سایر دارائی های جاری
100	<b>Total Current Assets</b>	AFS		افغانی	<b>۱۰۰. مجموع دارائی های جاری</b>
<b>Non-Current Assets (Fixed Assets)</b>				<b>دارائی های غیر جاری یا ثابت</b>	
110	Financial Investments	AFS		افغانی	۱۱۰. سرمایه های مالی
120	Goodwill	AFS		افغانی	۱۲۰. سرقتی
130	Land and Buildings	AFS		افغانی	۱۳۰. زمین و تعمیرات
140	Other Intangible Assets	AFS		افغانی	۱۴۰. سایر دارائی های غیر ملموس
150	Other Receivables	AFS		افغانی	۱۵۰. سایر طلبیات
160	Property, Plant and Equipment	AFS		افغانی	۱۶۰. تجهیزات، ماشین آلات و وسائل
170	Other Non-Current Assets	AFS		افغانی	۱۷۰. سایر دارائی ثابت
180	<b>Total Non-Current Assets</b>	AFS		افغانی	<b>۱۸۰. مجموع دارائی های ثابت</b>
190	<b>Total Assets</b>	AFS		افغانی	<b>۱۹۰. مجموع دارائی ها</b>
<b>Liabilities and Equity</b>				<b>دیون و سرمایه</b>	
<b>Current Liabilities</b>				<b>دیون جاری</b>	
200	Bank Overdrafts	AFS		افغانی	۲۰۰. اضافه برات بانکی
210	Borrowings (Current portion)	AFS		افغانی	۲۱۰. قروض (بخش فعلی)
220	Current Tax Liabilities	AFS		افغانی	۲۲۰. وجایب مالیاتی جاری
230	Provisions (Short-term)	AFS		افغانی	۲۳۰. ذخایر (کوتاه مدت)
240	Trade and Other Payables	AFS		افغانی	۲۴۰. معاملات و سایر دیون
250	Other Current Liabilities	AFS		افغانی	۲۵۰. سایر دیون جاری
260	<b>Total Current Liabilities</b>	AFS		افغانی	<b>۲۶۰. مجموع دیون جاری</b>
<b>Non-Current Liabilities (Fixed Liabilities)</b>				<b>دیون ثابت (طولی مدت)</b>	
270	Accumulated Depreciation	AFS		افغانی	۲۷۰. ذخیره استهلاکات (دارائی های ملموس و غیر)
280	Borrowings	AFS		افغانی	۲۸۰. قرضه ها
290	Provisions	AFS		افغانی	۲۹۰. ذخایر
300	Other Non-Current Liabilities	AFS		افغانی	۳۰۰. سایر دیون ثابت
310	<b>Total Non-Current Liabilities</b>	AFS		افغانی	<b>۳۱۰. مجموع دیون ثابت</b>
320	<b>Total Liabilities</b>	AFS		افغانی	<b>۳۲۰. مجموع دیون</b>
<b>Equity</b>				<b>سرمایه</b>	
400	Capital	AFS		افغانی	۴۰۰. سرمایه
410	Other Reserves	AFS		افغانی	۴۱۰. سایر ذخایر
420	Retained Earnings / Profit	AFS		افغانی	۴۲۰. مفاد یا ضرر حفظ شده
430	Share Capital	AFS		افغانی	۴۳۰. سهم سرمایه
440	Other Equity	AFS		افغانی	۴۴۰. سایر سرمایه ها
450	Net Profit / Loss	AFS		افغانی	۴۵۰. مفاد یا ضرر خالص
460	<b>Total Equity</b>	AFS		افغانی	<b>۴۶۰. مجموع سرمایه</b>
470	<b>Total Liabilities and Equity</b>	AFS		افغانی	<b>۴۷۰. مجموع دیون و سرمایه</b>
Ministry of Finance/Yellow (leave with Tax Return)				Taxpayer/Blue	
وزارت مالیه/زرد (ضمیمه اظهارنامه گردد)				مالیه دهنده/آبی	



جدول 9 - مفاد یا ضرر سرمایوی (اظهارنامه مکمل سالانه مالیات بر عایدات برای شرکت های سهامی و محدودالمسولیت)

۹جدول - کته یا ضرر(د سهامی او محدودالمسولیت شرکتونو اپاره پر عایداتو باندی مالیاتو کلتی بشپړاظهارلیک)

**Schedule 9 - Capital Gain or Loss (Complete Annual Income Tax Return for Corporations and Limited Liability Companies)**

Version: 2011-03-028-001-EPD

Tax payer Identification Number				. مالیه ورگړونکي د پېژندنې نمبر نمبر تشخیصیه مالیه دهنده	
Name of Taxpayer				. مالیه ورگړونکي نوم نوم مالیه دهنده	
که چیرې مو د مالیاتو کال په موده کې د شرکت اړوند شتمنی انتقال کړي وي په دې صورت کې باید د کال په جریان کې د تر لاسه شوي کټې یا زیان د محاسبه کولو په خاطر لاندې جدول بشپړ کړئ. په دغه جدول کې د ټولو انتقالونو بشپړ مبلغ درج کړئ. د خپلې خوښې مطابق یواځې د یوې جدول بشپړ کړئ.					
۱	د شتمنی د پلور له درکه تر لاسه شوي یا د تر لاسه کیدو ور بشپړ ارزښت	افغانی			
۲	منفي: د شتمنی تر لاسه کیدو اصلي ارزښت	افغانی			
۳	منفي: د انتقال تر مهال مجاز استهلاك	افغانی			
۴	د تر لاسه کیدو خالص ارزښت(۳ کرښه له ۲ کرښې څخه منفي کړئ)	افغانی			
۵	منفي: د ترمیمونو ارزښت	افغانی			
۶	منفي: د انتقال لګښت	افغانی			
۷	ګټه/ضرر(۴ او ۶ کرښې له ۱ کرښې څخه منفي کړئ)	افغانی			
د بشپړې ګټې د شتون په صورت کې دغه مبلغ د درېیمې برخې په ۴۶۰ کرښه کې درج کړئ د بشپړ ضرر د شتون په صورت کې یاد شوی مبلغ په دغه کاري پاڼې کې د دنده ورسولو په منځ کې ایډګل کړئ او دغه مبلغ د دویمې برخې په ۵۰ کرښه کې درج کړئ.					

در صورت که دارایی های شامل تشبث را در سال مالی انتقال داده باشید، باید جدول ذیل را بنظور محاسبه مفاد یا ضرر سرمایوی تکمیل نمایند.

مجموع تمام انتقالات را در این جدول شامل ساخته و صرف یک جدول را در زیان مورد نظر خویش تکمیل نمایند.

۱	ارزش مجموعی مبلغ حاصله/قابل حصول	افغانی			
۲	منفي: مصارف مبلغ حاصله	افغانی			
۳	منفي: استهلاك مجاز برای انتقال	افغانی			
۴	مصارف مبلغ خالص حاصله (سطر ۲ منفي سطر ۳)	افغانی			
۵	منفي: قیمت اصلاحات	افغانی			
۶	منفي: مصارف انتقال	افغانی			
۷	مقادیر/ضرر(سطر ۱ منفي سطر ۴، ۵ و ۶)	افغانی			

در صورت که مفاد مجموعی وجود داشته باشد، مبلغ مذکور در سطر ۴۶۰ بخش ۳ درج گردد.  
در صورت که ضرر مجموعی وجود داشته باشد، مبلغ مذکور را در این صفحه در بین قوس قرار داده و این مبلغ را در سطر ۵۰ بخش ۲ درج نمایند.

**If you have transferred business assets in the tax year you need to complete the Schedule below to calculate capital gain or loss in the tax year. Include the total of all transfers in this Schedule. Complete one Schedule only, in the language of your choice.**

1	Full Value of consideration received / receivable		
2	Less: Cost of Acquisition	AFS	
3	Less: depreciation allowed up to transfer date	AFS	
4	Net acquisition cost (line 2 less line 3)	AFS	
5	less: Cost of Improvements	AFS	
6	less: Expenses of transfer	AFS	
7	Gain / Loss (line 1 less lines 4, 5, and 6)	AFS	

If there is a Total Gain, enter the amount on line 460 of Section 3  
If there is a Total Loss, place brackets around the amount on this worksheet, and enter the amount on line 50 of Section 2

Ministry of Finance/Yellow (leave with Tax Return)

د مالی وزارت آبیرو (د اظهارلیک سره باید ضمیمه شي)

Taxpayer/Blue

مالیه ورگړونکي آبی

ورق سنجش خسارات وارده بابت تلفات و افات

Version: 2011-03-028-001-D

ق1- ارزش تقلیل یافته چین ضرر	ق2- تادیات بیمه	ق3- ضرر خالص (ستون 2 از ستون 1 تفریق گردد)	ق4- نوعیت دارایی	ق5- نوع ضرر
10		افغانی		
20		افغانی		
30		افغانی		
40		افغانی		
50		افغانی		
60		افغانی		
70		افغانی		
80		افغانی		
90		افغانی		
100		افغانی		
110		افغانی		
120		افغانی		
130		افغانی		
140		افغانی		
150		افغانی		
160		افغانی		
170		افغانی		
180		افغانی		
190		افغانی		
200		افغانی		
210		افغانی		
220		افغانی		
230		افغانی		
240		افغانی		
250		افغانی		
300	مجموع خساره بابت تلفات و افات (تمام اقلام ستون سوم جمع گردند)	افغانی		
310	سطر 300 تقسیم 3 گردد، حاصل تقسیم عبارت از ضرر سرمایه قابل مجرائی برای همین سال می باشد	افغانی		
320	خسارات وارده بابت تلفات و افات از سالهای قبل درج گردد	افغانی		
330	سطر 310 جمع سطر 320 گردد حاصل جمع در اینجا و در سطر 670 بخش 4 اظهارنامه مالیات بر عایدات درج گردد	افغانی		

[illegible]

# Operating Loss Carry Forward Worksheet

Version: 2011-03-028-001-E

1	Are you registered with Afghan Investment support Agency (AISA) as a Registered Enterprises under the Law on Private Investment?	Yes/No								
	If response is "Yes" go to section 2 if response is No go to section 1.									
2	Date of First Registration with AISA									
Section 1: Standard Loss Carried Forward										
Year of Loss	Total Loss	Years of Carry over Losses								
1383		1383	1384	1385	1386	1387	1388	1389	1390	1391
1384										
1385										
1386										
1387										
1388										
1389										
1390										
1391										
	Max. Loss which could be setoff									
Section 2: Unlimited Loss Carried Forward										
Year	Profit/ Loss for the year	Opening Bal. of loss	Adjustments				Closing Bal. of loss			
1383										
1384										
1385										
1386										
1387										
1388										
1389										
1390										
1391										
Notes to taxpayers who have had as tax exemption or tax holiday										
Note 1	Tax payers who have had tax exemption or tax holiday cannot carry forward losses from the period the tax exemption or tax holiday was in place. Tax exemption and taxholidays ceased on 1 Saratan 1383 (21 June 2004)									
Keep this worksheet for your records.										

د جرایمو د محاسبی پاتړه  
(د سهامی او محدودالمسولیتونو د مکملو،  
مختصرو او عدم فعالیت اظهارلیکونولپاره - ۱۳۸۸  
او ورسته له هغی)

If you have filed your income tax return later than end Jowza, of the following year, you are required to self-assess your penalties. The penalty will be 'Failure to Deliver a Tax Return' under Article 102. This additional tax shall only apply if you do not have reasonable justification for the failure to file your tax return in a timely manner.

هه څه چیری مالیه وړکوونکي اړوند کال پر عیدانو باندی د مالیاتو اظهار لیک د راټولونکي کال د غبرگولي په پای څخه وروسته اړایه کړي، په دغه صورت کې نوموړي مالیه وړکوونکي د خپلې جرایمو په تعینولو مخکې د دغه جرایم ۱۰۰۰ دیناری پر بنسټ په ټاکلي وخت د مالیاتو اظهار لیک نه اړایه کولو له مخې ټاکل کړي. دغه اضافي مالیه یواځې هغه وخت تطبیق کړي چې کله مالیه وړکوونکي په ټاکلي وخت د مالیاتو اظهار لیک نه اړایه کولو له مخې دغه وخت معلول تېل ولري.

If you have paid your income tax later than end Jowza, of the following year, you are required to self-assess your penalties. The penalty will be 'Failure to Pay the Due Tax by the Due Date' under Article 100. This penalty applies even if you have filed your income tax return on time, but haven't paid the tax payable by the due date

ڪهه ڇيري مائه ورڪون ڪال ڊائالوگ ڪال ڊيگري گولي له پاي ڇڏه وروسته ورگري، به ڊغه بصوت ڪي نوموري ڊيگري جرابو به ٽمبولو مڪلف ڏي. ڊغه جرمهه ڇي هغه وخت هم ٽمليف ڪيڙي جي مائه ورڪون مائيالي اظهار ليک به ٽائي وخت اڙايه ڪي خو ڊيگري ور مڪلف ٿي. ١٢٨٦ لمريز ڪال ڊيگري ٽي ٣١ ٽيٽي نه ده ورگري.

The amount of tax you self-assess must be added to the Self Assessed Penalty section of the return and included with the amount paid at the bank

د مالیې هغه مبلغ چی د مالیه وړوگونکي لخوا تعین کیږي باید د مالیاتي اظهارلیک د خالي ارزونې په برخه کی درج او په هغه مبلغ کی شامل کړل شی، چی بانک ته تحويلیږي.

Under the Income Tax Law 2009 further penalties for other offences may be imposed by the Revenue Department, even when you have self-assessed penalties.

د ۱۳۸۸ لمريز کال پر عايندو باندې د مالياتو قانون پر بنسټ د عوايدو ريلست کولې شي چې پر نورو تېروتنو باندې اضافي جرايم وضع کړي.  
 حېنې تر دې که ماليه ورکونکي به خپله هم جرايم ارزولي وي.

10	Income Tax Return Filing Due Date		د مالیاتي اظهارلیک د وړاندې کولو ناکلې نېټه
20	Date Income Tax Return is Filed		هغه نېټه چې مالیاتي اظهارلیک په کې وړاندې شوی دی
30	For tax years 1386 and prior, number of days from due date to 30 Hut 1387 (difference in whole days between 31 Jowza of the year following the tax year and 30 Hut 1387)	افغانی	د ۱۳۸۶ او تر دې مخکې مالي کلونو لپاره، د اظهارلیک د وړاندې کولو نېټې څخه د ۱۳۸۷ کال د کب تر ۳۰ نېټې پورې دوږخ تعداد (شمالي کال څخه د راتلونکي کال د غبرگولي د میاشتې د اخري نېټې او د ۱۳۸۷ کال د کب د نیماشتې د ۳۰ تر منځ د بشپړو ورځو ترمنځ توپیر)
40	Number of holidays in the period between the due date and 30 Hut 1387		د اظهارلیک د وړاندې کولو ناکلې نېټې او د ۱۳۸۷ کال د کب د نیماشتې د ۳۰ ترمنځ ترمنځ موده کې د رخصتۍ ورځو شمیر
50	Number of penalty days between due date and 30 Hut 1387 (Subtract line 40 from line 30)		د اظهارلیک د وړاندې کولو ناکلې نېټې او د ۱۳۸۷ کال د کب د نیماشتې د ۳۰ ترمنځ ترمنځ موده کې د جریمو د ورځو تعداد (۴۰ کرښه له ۳۰ کرښې منفي کړئ)
60	Amount of penalty (Multiply line 50 by 1000 afghani if you are a legal entity. Or multiply line 50 by 200 afghani if you are a natural person)	افغانی	د جریمې مبلغ (۱۰۰۰ کرښه ضرب ۵۰۰ افغانی - که چیرې ناښایي شخص یاست، یا ۲۰۰ کرښه ضرب ۵۰۰ افغانی - که چیرې ناسی حقیقي شخص یاست)
70	Number of days in 1388, or subsequent tax period, the return is late (see instructions)		د ۱۳۸۸ کال یا ددغې وروسته مالیاتي مودې د اظهارلیک د وړاندې کولو د تاخیر دوږخ تعداد (لارښوونو ته مراجعه وکړئ)
80	Number of holidays in the 1388, or subsequent tax year period the tax return is late		د ۱۳۸۸ کال یا ددغې وروسته مالیاتي کال د اظهارلیک د تاخیر په موده کې د رخصتۍ ورځو تعداد
90	Number of penalty days (Subtract line 80 from line 70)		د جریمې د ورځو تعداد (۸۰ کرښه د ۷۰ کرښې څخه منفي کړئ)
100	Amount of penalty (Multiply line 90 by 500 afghani - if you are a legal person. Or multiply line 90 by 100 afghani if you are a natural person)	افغانی	د جریمې مقدار (۵۰۰ کرښه په ۹۰ کرښې کې ضرب کړئ - که چیرې مالیې وروکونکي حقيقي شخص وي، او یا ۱۰۰ کرښه په ۹۰ کې ضرب کړئ - که چیرې مالیې وروکونکي حقيقي شخص وي)
110	Total amount of penalty (Add lines 60 and 100) (Enter here and on correct line of the tax return)	افغانی	د بشپړې (مجموعي) جریمې مقدار (۶۰ او ۱۰۰ کرښه جمع کړئ) (جمع حاصل په دې کرښه او د اظهارلیک په ۱۰۰ کرښه کې درج کړئ)

به تاكلم، وخت سره د مالياتو نه وړكول

120	Income Tax Return Payment Due Date				اظہارِ ایک د ورائڈی کولو تاکلی نینہ
130	Date Income Tax is Paid				پر عایداتو باندی د مالیاتو د ورکری نینہ
140	Number of days late (difference in whole days between 31 Jowza of the year following the tax year and the date the income tax is paid)				د تاخیر د ورخو شمیر (د راتلونکی کال د غیرکوی د ۳۱ او د مالیاتو د ورکری د نبتی ترمینخ توپیر)
150	Amount of tax not paid by due date	AFS		افغانی	د مالیاتو پاتی مقدار چی په تاکلی نینہ نه ده ورکړل شوی
160	Amount of penalty (Multiply line 150 by 0.001 (0.1%) multiplied by number of days at line 120) (Enter here and at correct line of the tax return)	AFS		افغانی	نجریمی مقدار ۰.۰۰۱ کرنبه ضرب ۰.۱٪) ضرب په ۱۲۰ کرنبه کی د ورخو شمیر (لنډه او د مالیاتی اظہارِ ایک په سمه کرنبه کی یی درج کړی)

دغه بانه د خپلو سوابقو په موخه له خانه سره وساتي.