

INCOME TAX MANUAL

Ministry of Finance

Islamic Republic of Afghanistan

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INTRODUCTORY COMMENTS

This Income Tax Manual is issued under the authority granted to the Ministry of Finance by Article 113(2) of the Income Tax Law of 2005. The purpose of this Income Tax Manual is to provide additional guidance to the Afghanistan Revenue Department and others regarding the interpretation and application of the Income Tax Law of 2005. While particular reference is made to the Afghanistan Revenue Department throughout this Manual, that term should be read as meaning and including revenue offices in the mustofiat.

In reviewing the Income Tax Manual, the reader should understand that all legal and natural persons are considered to be residents of Afghanistan unless otherwise noted. In addition, any references to accounting terms including, but not limited to, "revenue", "gross profit", "operating expenses" and "net profit" are to generally accepted accounting concepts. These concepts are addressed and defined by the International Accounting Standards Board. Until Afghanistan develops its own accounting standards, the Afghanistan Revenue Department shall accept the use of terminology and standards set forth by the International Accounting Standards Board.

In this manual, each Article of the Income Tax Law is given separately, followed immediately by the regulations pertaining to that Article. The income tax laws as variously amended are referred to as the Law. The provisions of the Law are incorporated in the manual and made a part of the regulations.

Each regulation is identified by a reference number. The first part of the reference number identifies the Article of the Law which is explained by the regulation. The second part of the reference number identifies each separate explanation of the Article.

These rules and regulations should be carefully read and studied to the end that we may have a fair, uniform, and consistent application and enforcement of the Law. The rules as written must be followed and the taxes collected as set forth. No change or alteration can be made unless authorized by the Ministry of Finance. Instructions, directions, and forms are considered to be a part of the regulations.

No one sentence, rule or regulation states all the Law. The entire rule must be considered in its application to a certain situation. All rules and regulations must be considered together and taken as a whole to determine the construction and interpretation of the Law.

The reader should also understand that the Income Tax Manual is only one of several sources of additional guidance. More detailed guidance regarding specific Articles of the Income Tax Law may also be found in procedures, guides, policy statements and rulings. The reader is also encouraged to visit the Ministry of Finance's website, www.mof.gov.af/tax, to obtain additional information about income tax laws in Afghanistan.

د افغانستان اسلامي جمهوريت
د ماليې وزارت



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Subject: Ministerial Authorization of the Income Tax Manual

In accordance with paragraph 2 of Article 113 of the Income Tax Law 2005, I hereby endorse the Income Tax Manual 2006, which has been approved by the review committee of the Department of Revenue.

From the date of this circular, all officers of the Government of Afghanistan charged with the administration of the Income Tax Law 2005 shall abide by the interpretation and application of the provisions of the Income Tax Manual.

I hereby order that the Income Tax Manual be published and distributed by the Revenue Department in such manner that the Revenue Department considers appropriate. This includes website publication.

This circular comes into effect on the date it is signed.

Dr. Anwar Ul-Haq Ahady
Minister of Finance
Islamic Republic of Afghanistan