

NOTICE TO CONTRACTORS CONCERNING STREAMLINED PROCEDURE FOR RESOLUTION OF LEGACY TAX ISSUES

The Afghan Ministry of Finance (MOF) and the Combined Security Transition Command – Afghanistan have jointly established a streamlined procedure for resolution of legacy tax issues for all U.S. and NATO contractors and sub-contractors that performed activities prior to January 1, 2015, under Diplomatic Note 202 dated May 28, 2003, and the Military Technical Agreement dated January 4, 2002 (collectively, “Contractors”). The procedure is as follows:

1. Obtain a tax exemption ruling from the Afghanistan Revenue Department (ARD):
 - a. Request tax exemption letter(s) from your U.S./NATO contracting officer. A template can be requested from the International Agreements Branch (IAB) at cj4iaccsointagrops@hq.rs.nato.int.
 - b. Transmit signed tax exemption letter(s) to IAB.
 - c. Request a consolidated tax exemption confirmation letter template from IAB. You must provide, for each requested tax-exempt contract, the contract number, contract period, contract value, contracting agency, and applicable international agreement.
 - d. Transmit the completed consolidated tax exemption confirmation letter to IAB. IAB will validate the confirmation letter and provide a stamped and serialized copy to you within three (3) working days.
 - e. Provide the consolidated tax exemption confirmation letter, tax exemption letter(s), and copies of your Afghanistan Investment Support Agency license or (equivalent) for the period of tax exemption to ARD. ARD will not require a copy of any contract. ARD will issue a written tax exemption ruling within three (3) working days of receipt.

2. File annual tax return(s):
 - a. In order to receive tax clearance, you need to file an annual tax return according to Afghan tax law for each year you have not previously filed. You should include the written tax exemption ruling and consolidated tax exemption confirmation letter when filing.
 - b. File other documents that are required by law to be filed with the tax return(s).
 - c. For each tax return filed after the deadline prescribed by Afghan tax law, a late filing fee (or late payment fee if there is income not subject to tax exemption) will be assessed in accordance with Afghan tax law.

ARD will issue a tax clearance letter to you within five (5) working days of receipt of the documents required by this process.

In addition, ARD agreed to reverse and remove all adverse actions taken against Contractors (e.g., freezing of bank accounts, placement of officers on “no fly” lists, inability to buy, sell, or transfer property, inability to renew business licenses, etc.) in accordance with Afghan tax law by no later than December 15, 2017.

Please contact IAB (cj4iaccsointagrops@hq.rs.nato.int) and U.S. Embassy Kabul (kabulecon@state.gov) if you have any questions or concerns about this procedure or its implementation.