



Instructions for the Withholding Calculation and Bank Deposit Form for Rental Services Withholding Tax

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Who Must Withhold?

According to Article 59 of the Income Tax Law, anyone who makes rental payments for the rent of houses or other buildings that are used for business purposes is required to withhold on the rental payment if the monthly rent (or equivalent pro-rated amount if rent is paid on other than a monthly basis) is more than 10,000 afghani.

What is the Withholding Rate?

If the monthly rent is 10,000 afghani up to 100,000 afghani, the withholding rate is 10% of the total rent due.

If the monthly rent is over 100,000 afghani, the withholding rate is 15% of the total rent due.

When is the Tax Due?

Withheld taxes from rent payments must be reported and paid within fifteen days after the end of the month in which the payment was made.

What If You Do Not File Your Return and Pay the Withheld Tax on Time?

The Income Tax Law provides for penalties for late filing and late payment.

What if You do not Withhold?

The Income Tax Law provides for an additional tax of at least 10% of the amount that should have been withheld if the failure to withhold was not due to reasonable cause. In extreme cases, in addition to additional tax, a person who fails to withhold tax may be prosecuted by the Attorney General's Office. See Guide 22 – Additional Tax and Penalties for more information.

If a person fails to withhold tax from a payment to a landlord, then, for income tax purposes, the person will not be entitled to a deduction for the payment made.

Where Should You File Your Return and Pay the Withheld Tax?

You must file this form and make your payment at the Da Afghanistan Bank. The cashier will keep two copies of the form (white and green) and give you two copies (yellow and blue). You should keep the yellow copy for your records and give the blue copy to the landlord.

Line by Line Instructions for the Withholding Calculation and Bank Deposit Form for Withholding Tax on Contractors

Section 1: Identification Information

Line 1 – Name of Landlord
Enter the name of the Landlord.

Line 2 – Landlord's Taxpayer Identification Number

Enter the Landlord's Taxpayer Identification Number (TIN). If the Landlord does not have a TIN, refer the Landlord to the Afghanistan Revenue Department or local Mustufiat office to apply for one.

Line 3 – Address of Landlord
Enter the Landlord's street address.

Line 4 – Name of the Tenant
If you are a natural person (individual), enter your name here. If you are a legal person, enter the name of your business, agency, or organization here.

Line 5 – Tenant's Taxpayer Identification Number
Enter your Taxpayer Identification Number (TIN). If you do not have a TIN, visit your Afghanistan Revenue Department or Mustufiat office to apply for one.

Line 6 – Address of Rented Property
Enter the street address of the rented property.

Line 7 – Tenant's Business Address (if different from above)
Enter your business address if different from that of the rented property

Section 2: Withholding Calculation

Line 10 – Dates covered by this rental payment
Enter the beginning and ending dates covered by this rental payment.

Line 20 – Gross monthly rent paid
Enter the gross monthly amount of rent paid

Line 30 – Number of months
Enter the number of months covered by this payment

Line 40 – Multiply line 20 by line 30
Multiply line 20 by line 30. This is your gross rental payment.

Line 50 – Plus improvements and repairs paid for by tenant during rental period
Enter the cost of any improvements or repairs you paid for during this rental period.

Line 60 – Subtotal
Add lines 40 and 50. This is your gross rent subject to withholding.

Line 70 – Divide line 60 by line 30
Divide line 60 by line 30. This is your gross monthly rent subject to withholding. Use this figure to determine your withholding rent in line 80.

Line 80 – Total withholding
If line 70 is over 100,000 afghani, multiply line 60 by 15% (.15). If line 70 is over 10,000 afghani but less than or equal to 100,000 afghani, multiply line 60 by 10% (.10). The resulting figure is your withholding amount.

Declaration and Signature

You (or the authorized individual for legal persons) must sign this form and date it. By signing this form you declare that all information in it is true and accurate to the best of your knowledge. Reporting false information with the intent to avoid tax may be subject to penalties and referral to the Attorney General's office.

Section 3: Bank Deposit Form

Enter the Landlord's Taxpayer Identification Number in the space indicated. Also enter the withholding amount (in afghani) in figures and words. Enter the total deposit amount in the box in the lower right corner (cash total).

For more information regarding Rental Services Withholding Tax, see Guide 01 –Withholding Tax on Rental Services.