



Instructions for Wage Withholding: Report of Tax Withholding and Bank Deposit Form for Employers, Annual Summary Report of Taxes Withheld and Wage and Tax Statement Transmittal Form, and Annual Wage and Tax Withholding Statement

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Introduction

This instruction pamphlet includes instructions for three (3) wage withholding forms: the Report of Tax Withholding and Bank Deposit Form for Employers, which is filed on a monthly basis; the Annual Summary Report of Taxes Withheld and Wage and Tax Statement Transmittal Form; and the Annual Wage and Tax Withholding Statement. The first two forms are submitted to the government only. The third is submitted to the employee and the government.

Who Must Withhold?

Legal persons and natural persons (individuals) with two (2) or more employees during any month of the tax year are required to withhold tax from employees whose income exceeds the threshold, discussed later (Article 58 Income Tax Law). Legal persons include partnerships, corporations, limited liability companies, organizations, agencies, ministries and other national or local government agencies and departments, enterprises of the State and municipalities, and charitable institutions.

What Payments are Subject to the Withholding?

Payments to employees in the form of salaries and wages for work provided are subject to withholding. Salaries and wages include: regular pay for services, overtime pay, cash allowances provided by the employer to the employee (including, but not limited to, food allowances and transportation allowances), and non-cash payments for services.

Who is Subject to Withholding?

All resident and non-resident employees working in Afghanistan whose salaries and wages exceed the tax threshold of 5000 afghanis (or equivalent in foreign currency) per month or equivalent prorated amounts for those paid on alternate payroll periods. Non-resident employees are exempt from withholding if their home country provides the same exemption to residents of Afghanistan. Resident and non-resident employees of foreign governments and international organizations are subject to tax based on existing treaties or contracts with the State.

What If You Do Not File or Pay on Time?

The Income Tax Law of 2005 provides for penalties for late filing, late payment, and failure to withhold. The penalty for late payment is 0.10 percent per day of the tax that is not paid on time. The penalty for late filing is 100 afghani per day the return is late for natural persons (individuals) and 500 afghani per day the return is late for legal persons. The penalty for failure to withhold is ten percent of the tax not withheld. If it is determined that the failure to pay, file, or withhold was due to an intent to evade tax, the taxpayer at fault will be referred to the Attorney General's office for prosecution, which may result in fines and/or imprisonment in addition to the penalties.

Report of Tax Withholding and Bank Deposit Form for Employers

What is the rate of Withholding?

Amendments to the Income Tax Law have changed the monthly exemption from 12,500 afghani to

5000 afghani (or prorated share for alternate payroll periods) per person for wages paid on or after 1 Hamal 1388. An additional tax bracket at 2% has also been added. Taxes are withheld at rates based on the monthly schedule established in the Income Tax Law (Article 4).

For monthly payrolls

Income more than	Income not more than	Tax
0	5000	0%
5000	12,500	2% of amount over 5000
12,500	100,000	150 + 10% of amount over 12,500
100,000		8900 + 20% of the amount over 100,000

Employees paid on alternate payroll schedules (weekly, semi-monthly, etc.) are subject to withholding according to the following prorated schedules, which are based on the monthly schedule.

For semi-monthly payrolls

Income more than	Income not more than	Tax
0	2500	0%
2500	6250	2% of amount over 2500
6250	50,000	75 + 10% of amount over 6250
50,000		4450 + 20% of the amount over 50,000

For bi-weekly payrolls

Income more than	Income not more than	Tax
0	2308	0%
2308	5769	2% of amount over 2308
5769	46,154	69 + 10% of amount over 5769
46,154		4108 + 20% of the amount over 46,154

For weekly payrolls

Income more than	Income not more than	Tax
0	1154	0%
1154	2885	2% of amount over 1154
2885	23,077	35 + 10% of amount over 2885
23,077		2054 + 20% of the amount over 23,077

For daily payrolls

Income more than	Income not more than	Tax
0	164	0%
164	411	2% of amount over 164
411	3288	5 + 10% of amount over 411
3288		293 + 20% of the amount over 3288

How is the Wage Withholding Tax Calculated?

Wage withholding tax is calculated based on the above tables. Determine which payroll period you use. For each employee, look at the total salary (including taxable benefits). If it is in excess of the highest threshold (100,000 for monthly payroll, 50,000 for semi-monthly payroll, etc.), use the fourth row of the appropriate schedule. If the total salary (including taxable benefits) is more than the next highest threshold (12,500 monthly, 6250 semi-monthly, etc.), but does not exceed the highest threshold, use the second row of the appropriate schedule. If the total salary (including taxable benefits) is more than the lowest threshold (5000 monthly, 2500, semi-monthly, etc.), but does not exceed the second lowest threshold, use the second row of the appropriate schedule. If the total salary is less than the lower threshold, there is no withholding requirement.

Example: Abdullah earns 20,000 afghani per month. His monthly withholding rate would be 900 afghani based on the following calculation from the third row of the monthly payroll table:

$$20,000 - 12,500 = 7500$$

$$7500 \times 10\% (0.1) = 750$$

$$750 + 150 = 900$$

Example: Joe Brown from example 1 earns the equivalent of 55,000 afghani twice a month. His withholding rate would be 5450 afghani on a semi-monthly basis based on the following calculation from the fourth row of the semi-monthly payroll table:

$$55,000 - 50,000 = 5000$$

$$5000 \times 20\% (0.2) = 1000$$

$$1000 + 4450 = 5450$$

When and Where Should You File?

The Report of Tax Withholding is a monthly form. The form must be filed and the tax paid within ten (10) days of the end of the month in which the tax was withheld.

Example: ABC, Inc., a foreign firm, pays its foreign employees working in Afghanistan bi-weekly. However, the firm pays its local employees on a monthly basis. The firm would be required to withhold from each group of employees on each separate pay date, but file and pay the withheld tax within ten days of the end of the month.

Example: XYZ, Inc., another foreign firm, pays its foreign employees semi-monthly and its local employees monthly. This firm would still have one filing requirement per month.

Line by Line Instructions for the Report of Tax Withholding and Bank Deposit Form for Employers

Section 1: Employer Information

Line 1 – Taxpayer Identification Number (TIN)

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 2 – Name of Business

Enter the legal (registered) name of the business.

Line 3 – Address of Business

Enter the street address of the business.

Line 4 – Telephone Number

Enter the telephone number where we can reach the person responsible for your tax affairs if we need to.

Line 5 – E-mail address

Enter the e-mail address of the person responsible for your tax affairs if you have one.

Section 2: Summary Report

Line 10 – Tax Period

Enter the month and year for which you are reporting and paying.

Line 20 – Total number of employees on the last day of the month

Enter the total number of employees you had on the last day of the month, whether or not you were required to withhold from them.

Line 30 – Total wages paid with tax withheld during the month

Enter the total wages you paid from which you withheld tax during the month

Line 40 – Total income tax withheld from wages

Enter the total amount of taxes you withheld during the month

Line 50 – Adjustment of withheld income tax from preceding months of this tax year

Enter any adjustments to withholding you have made in for preceding months of the same tax year, such as for amounts overwithheld or underwithheld. Report overpayments in brackets ().

Example: You have seventy employees and pay them on a monthly basis. You use a computerized system to calculate your withholding. You paid your employees for Hamal 1388, but did not withhold at the new rates because you had not heard of the change to the law in time to update your system. In order to avoid additional taxes, you withheld extra tax in Saor to adjust for the shortage of withholding in Hamal. You would report the additional withholding on line 50 of the monthly report.

Example: You made a computation error for one of your employees and overwithheld 200 afghani for Saor. He brought this to your attention in Jowza and you subtracted the 200 afghani from his withholding for Jowza. You would show the overpayment on line 50 as (200).

Line 60 – Self-assessed Penalties

The Income Tax Law 2005 provides for penalties for, among other things, late filing of tax returns (Article 107) and late payment of tax (Article 105). Other penalties can be assessed for failure to maintain or provide access to records of business transactions (Article 106), failure to withhold tax (Article 108) and failure to obtain a Taxpayer Identification Number (Article 110). The penalty for late filing for a legal person is 1000 afghani per day the return is late. The penalty for late payment is 0.1% per day of the tax not paid on time. Please use the Self-Assessment Penalty Worksheet, below, to determine your penalty amount if you have filed and/or paid your taxes after the due date.

If you can file the return but cannot pay the balance due, please file the return to avoid additional penalties. Estimate the date you will pay the tax in order to compute the appropriate penalty for late payment.

صفحه محاسبه جریمه			
Penalty Calculation Worksheet			
طرز محاسبه جریمه تأخیر در ارائه اظهارنامه (ماده ۱۰۷)			
10	Withholding Tax Return Filing Due Date - Article 60	آخرین تاریخ ارائه اظهارنامه مالیات بر عایدات - ماده ۹۳	۱۰
20	Date Withholding Tax Return is Filed	تاریخ خانه پری و ارائه اظهارنامه مالیات بر عایدات	۲۰
30	Number of days late (difference in whole days between due date and the date the income tax return is filed)	تعداد روز های تأخیر (تفاوت تمام روز ها میان تاریخ معین و تاریخ که اظهارنامه ارائه میگردد)	۳۰
40	Number of holidays in the period the tax return is late	تعداد روز های رخصتی طی مدت زمان تأخیر در ارائه اظهارنامه	۴۰
50	Number of penalty days (Subtract line 40 from line 30)	تعداد روز های قابل جریمه (سطر ۳۰ منفی سطر ۴۰)	۵۰
60	Amount of penalty (Multiply line 50 by 500 afghanis if you are a legal person, 100 afghanis if you are a natural person)	مقدار جریمه (سطر ۵۰ ضرب در عدد ثابت ۵۰۰ افغانی حاصل ضرب در این سطر و سطر ۱۰۰ بخش دوم درج گردد)	۶۰
AFS		افغانی	

طرز محاسبه جریمه تأخیر در تادیه مالیات (ماده ۱۰۵)			
Failure to Pay the Tax Due by the Due Date			
100	Withholding Tax Return Payment Due Date - Article 60	آخرین تاریخ ارائه اظهارنامه مالیات بر عایدات - ماده ۹۳	۱۰۰
110	Date Withholding Tax is Paid	تاریخ حقیقی تادیه مالیات بر عایدات	۱۱۰
120	Number of days late (difference in whole days between due date and the date the income tax is paid)	تعداد روز های تأخیر (تفاوت تمام روز ها میان تاریخ معین و تاریخ که مالیات بر عایدات تادیه میگردد)	۱۲۰
130	Amount of tax not paid by due date	مقدار مالیه باقیمانده در زمان معین تادیه	۱۳۰
140	Amount of penalty (Multiply line 130 by 0.001 (0.1%) multiplied by number of days at line 120)	مقدار جریمه (سطر ۱۳۰ ضرب در ۰.۰۰۱ یا ۰.۱ فیصد ضرب در تعداد روز ها مندرج سطر ۱۲۰)	۱۴۰
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مجموع مالیات تخمین شده توسط شخص مالیه دهنده			
200	Add line 60 and line 140. This amount must be included with the amount of tax paid at the bank Enter here and on line 60 of the tax return.	مجموع ۶۰ و ۱۴۰ جمع گردند. این مبلغ باید ضم مبلغ مالیه قابل تادیه به بانک گردد	۲۰۰
AFS		افغانی	

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Line-by-line Instructions for Self-Assessing Penalties Worksheet

Failure to Deliver a Tax Return Penalty Calculation (Article 107)

If you have filed your monthly report of tax withholding more than ten (10) days after the end of the month in which the wages subject to withholding were paid, you should self-assess your penalty tax. The penalty will be 'Failure to Deliver a Tax Return' under Article 107. 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. If you believe you have reasonable justification, attach your explanation with any verification to your tax return. Your explanation will be reviewed and a decision made as to whether you are subject to the penalty or not. If it is determined that you should pay the penalty, the tax office will calculate it for you and notify you.

Line 10 – Withholding Tax Return Filing Due Date - Article 60

The due date for withholding tax returns is ten (10) days after the end of the month in which the wages subject to withholding were paid.

Line 20 – Date withholding tax return is filed

Enter the actual date you file the tax return.

Line 30 – Number of days late

Enter the number of whole days between the date the return is filed and the due date.

Line 40 – Number of holidays in the period the tax return is late

Enter the number of official state holidays that fall within the period that your return was late.

Line 50 – Number of penalty days

Subtract line 40 from line 50.

Line 60 – Amount of penalty

Multiply line 50 by 100 afghani if you are a natural person. Multiply line 50 by 500 afghani if you are a legal person.

Example: Afghani Plus Corporation withheld 12,000 afghani in tax from its employees for Saor. The company did not file the return until 31 Jowza. The return was 20 days late. There are no official state holidays in the period that the corporation's tax return was late. However, there were three Fridays in the period, which qualify as holidays for this purpose. The company's total penalty for failure to deliver a tax return calculation would be 10,000 afghani (17 days x 500 afghani).

طرز محاسبه جریمه تأخیر در ارائه اظهارنامه (ماده ۱۰۷)			
Failure to Deliver a Tax Return			
10	Withholding Tax Return Filing Due Date - Article 93	10 Jowza	آخرین تاریخ ارائه اظهارنامه مالیات بر عایدات - ماده ۹۳
20	Date Withholding Tax Return is Filed	31 Jowza	تاریخ حقیقی ارائه اظهارنامه مالیات بر عایدات
30	Number of days late (difference in whole days between 31 Jowza, 1388 and the date the income tax return is filed)	20	تعداد روز های تأخیر (تفاوت میان ختم برج جوزا ۱۳۸۸ و تاریخ یکه اظهارنامه ارائه میگردد)
40	Number of holidays in the period the tax return is late	3	تعداد روز های رخصتی طی مدت زمان تأخیر
50	Number of penalty days (Subtract line 40 from line 30)	17	تعداد روز های قابل جریمه (سطر ۴۰ منفی سطر ۳۰)
60	Amount of penalty (Multiply line 50 by 500 Afs) (Enter here and on line 500 of tax return)	8500	مقدار جریمه (سطر ۵۰ ضرب در عدد ثابت ۵۰۰ افغانی) حاصل ضرب در این سطر و سطر ۴۰۰ بخش دوم درج گردد
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Failure to Pay the Tax Due by the Due Date Penalty Calculation (Article 105)

If you have paid your withholding tax later than ten (10) days after the end of the month in which the wages subject to withholding were paid, you should self-assess your penalty. The penalty will be 'Failure to Pay the Tax Due by the Due Date' under Article 105. 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.

Line 100 – Withholding tax return payment due date

The due date for income tax payments is ten days after the end of the month in which the wages subject to withholding were paid.

Line 110 – Date withholding tax is paid

Enter the actual date you paid the tax.

Line 120 – Number of days late

Enter the number of whole days between the date the tax is paid and the due date.

Line 130 – Amount of tax not paid by due date

Enter the amount of tax that was not paid by the due date.

Line 140 – Amount of penalty

Multiply line 130 by 0.001 (0.1%), then multiply this figure by the number of days on line 120.

Example: In the example above, Afghan Plus Corporation paid the tax on the same day that the tax return was filed, 31 Jowza. The payment is 20 days late. Note that there is no allowance for holidays for the late payment penalty. The penalty amount is 0.1% of 12,000, or 12 afghani (120,000 x 0.001) times the number of days the tax was late. The total penalty for failure to pay the tax due by the due date is 240 afghani (120 afghani per day times 20 days).

100	Withholding Tax Return Payment Due Date - Article 60	10 Jowza	آخرین تاریخ ارائه اظهارنامه مالیات بر عایدات - ماده ۹۳	۱۰۰
110	Date Withholding Tax is Paid	31 Jowza	تاریخ حقیقی تادیه مالیات بر عایدات	۱۱۰
120	Number of days late (difference in whole days between due date and the date the tax is paid)	20	تعداد روز های تأخیر (تفاوت تمام روز ها میان تاریخ معین و تاریخ که مالیات بر عایدات تادیه میگردد)	۱۲۰
130	Amount of tax not paid by due date	12000	مقدار مالیه باقیمانده در زمان معین تادیه	۱۳۰
140	Amount of penalty (Multiply line 130 by 0.001 (0.1%) multiplied by number of days at line 120)	240	مقدار جریمه (سطر ۱۳۰ ضرب در ۰.۰۰۱ یا ۰.۱ فیصد ضرب در تعداد روز ها مندرج سطر ۱۲۰) افغانی	۱۴۰

Total Amount of Self-Assessed Penalties

Line 200 - Add line 60 and line 140. Enter here and on line 60 of the return. This amount must be included with the amount of tax paid at the bank.

Line 70 – Total tax and penalty payable
Add lines 40, 50, and 60. This is the total amount you owe..

Bank Deposit Form

Enter your Taxpayer Identification Number and the total amount payable in afghani in figures and words on the lines indicated on the form. Also enter the total payment amount (cash total) in figures in the box in the lower right corner of the form.

Annual Wage and Tax Withholding Statement

The employer must give each employee an annual wage and tax statement showing the employer's name, address, and TIN; the employee's name, address, and TIN; and the amount of the employee's total salary or wage, as well as the amount withheld. This form must be provided to the employee no later than the end of the month following the solar year (31 Hamal). If the employee ends employment during the year, you must provide him or her with a wage and tax statement for all wages paid and taxes withheld through the end of the employee's employment time. A copy of each wage and tax statement will also be forwarded to the Ministry of Finance (Article 61).

Line by Line Instructions for the Annual Wage and Tax Statement

Section 1: Employer Information

Line 1 – Employer's Name
Enter your name if you are a natural person or the registered name of your business if you are a legal person.

Line 2 – Employer's Taxpayer Identification Number (TIN)
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 3 – Address of Business
Enter the street address of the business.

Line 4 – Telephone Number
Enter the telephone number where we can reach the person responsible for your tax affairs if we need to.

Line 5 – E-mail address
Enter the e-mail address of the person responsible for your tax affairs if you have one.

Section 2: Employee's Information

Line 6 – Employee's name

Line 7 – Employee's Taxpayer Identification Number (TIN)
Enter the employee's Taxpayer Identification Number (TIN). If he or she does not have a TIN, refer the employee to the Afghanistan Revenue Department or Mustufiat office to apply for one.

Line 8 – Employee's Address
Enter the employee's street address

Line 9 – Telephone Number
Enter the telephone number where we can reach the employee if we need to.

Line 10 – E-mail address
Enter the e-mail address of the employee if he/she has one.

Section 3: Wages and Tax Information

Line 11 – Annual tax period (solar year)
Enter the solar year in which the employee was paid.

Line 12 – Dates of employment within year
Enter the dates of employment within the year. If the employee worked the entire year, enter 1 Hamal – 31 Hut. If the employee began and/or ended employment during the year, show the actual dates of employment.

Line 13 – Total wages for year
Enter the total wages you paid to the employee during the year, whether they were subject to withholding or not.

Line 14 – Total taxes withheld for the year
Enter the total amount of taxes you withheld from this employee during the year.

The employer or authorised officer must show his or her name and position in the spaces provided at the bottom of the form, and sign and date the form before submitting it.

You must provide two copies to the employee (white and green if using the Afghanistan Revenue Department forms – see Note), attach one to your Annual Summary Report of Taxes Withheld and Wage and Tax Statement Transmittal (yellow copy) and keep one copy for your records.

NOTE

It is not mandatory to use the actual four-part pre-printed 'Annual Wage and Tax Withholding Statement'. Employers with computerised systems may wish to print out the information from their payroll database. Any computerised print-out must have the same 14 fields in the same order as the pre-printed form. The print-out must be printed in four (4) copies for distribution as per the instructions on the pre-printed form.

Annual Summary Report of Taxes Withheld and Wage and Tax Statement Transmittal

When and Where Should You File?

The Annual Summary Report of Taxes and Wage and Tax Statement Transmittal must be filed by the last day of the month after the end of the solar year (31 Hamal). The form should be submitted to the Afghanistan Revenue Department offices if you are in Kabul, or at your local Mustufiat office if you are outside of Kabul.

Line by Line Instructions for the Annual Summary Report of Taxes Withheld and Wage and Tax Statement Transmittal

Section 1: Employer Information

Line 1 – Employer's Name

Enter your name if you are a natural person or the registered name of your business if you are a legal person.

Line 2 – Employer's Taxpayer Identification Number (TIN)

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 3 – Address of Business

Enter the street address of the business.

Line 4 – Telephone Number

Enter the telephone number where we can reach the person responsible for your tax affairs if we need to.

Line 5 – E-mail address

Enter the e-mail address of the person responsible for your tax affairs if you have one.

Section 2: Wage and Tax Information

Line 6 – Annual tax period (solar year)

Enter the solar year in which the employee was paid.

Line 7 – Number of employees during year

Enter the total number of employees you had during the year, whether or not you were required to withhold from them and whether or not they worked for you on the last day of the year.

Line 8 – Number of wage statements attached

Enter the total number of wage statements attached.

Line 9 – Total wages to all employees from whom you withheld for the year

Enter the total wages you paid to the employee during the year, whether they were subject to withholding or not.

Line 10 – Total taxes withheld from all employees for the year

Enter the total amount of taxes you withheld from all employees during the year.

Submit the yellow copy with the yellow copy of each employee's Annual Wage and Tax Statement to the Afghanistan Revenue Department if you are located in Kabul or to your local Mustufiat office if you are located elsewhere in Afghanistan.