



**USAID**  
FROM THE AMERICAN PEOPLE

**AFGHANISTAN**

# State-Owned Enterprise Non-Tax Revenue Reporting Reforms Implementation Workshop Report

Ministry of Finance, Khyber Hall, Kabul

**October 7, 2012**

This publication was produced for review by the United States Agency for International Development. It was prepared by the advisor(s) supporting USAID's Economic Growth and Governance Initiative. The author's views expressed in this publication do not necessarily reflect the views of USAID or the United States Government.

# TABLE OF CONTENTS

<b>Background .....</b>	<b>3</b>
<b>Workshop Objectives .....</b>	<b>4</b>
<b>Workshop Summary .....</b>	<b>5</b>
<b>Workshop Results.....</b>	<b>6</b>
<b>Workshop Agenda .....</b>	<b>7</b>
<b>Workshop Participants .....</b>	<b>8</b>

## Background

As part of the Afghanistan Revenue Department (ARD) efforts to reform and enhance non-tax revenue collection in government revenue generating entities, the ARD Non-Tax Revenue Directorate, with USAID support, led a workshop for state-owned enterprises from Kabul and the provinces to discuss non-tax revenue reporting reforms implementation on October 7, 2012.

Currently, there are 38 state-owned enterprises under the auspices of different ministries operating in the industrial, commercial, service delivery, construction, and agriculture sectors in Afghanistan. According to the data collected from the Ministry of Finance (MoF) Afghanistan Financial Management Information System (AFMIS), state-owned enterprise revenue is considered miscellaneous revenue; however, there are specific revenue collection codes that differentiate tax and non-tax payments of state-owned enterprises. The ARD Non-Tax Revenue Directorate recently conducted an extensive assessment of how state-owned enterprises collect revenue in the government account and manage their financial reporting system. The Non-Tax Revenue Directorate analysis focuses on potential improvements and the transparency of state-owned enterprise revenue collection. The analysis proposes reforms that help state-owned enterprises carry out their revenue reporting effectively to the relevant accounts. This work focuses on differentiating tax and non-tax revenue collection to specific accounts and a transparent revenue reporting system. Considering the current process of revenue collection reporting, there is no clear and organized revenue collection reporting system for tax and non-tax revenues. To streamline the current revenue collection process and reporting system, the project supported this event to promote awareness of the proposed reforms among state-owned enterprises.



## Workshop Objectives

The objectives of the workshop were to:

1. Introduce non-tax revenues and promote state-owned enterprise staff knowledge of non-tax revenues;
2. Introduce a new form for revenue collection to state-owned enterprise staff;
3. Introduce a newly-established bank account for non-tax revenues collection;
4. Introduce government revenue collection reporting forms, M27 and M29; and
5. Facilitate environment that participants raise questions, share thoughts, experiences and provide suggestions on how to implement proposed reforms.



## Workshop Summary

The ARD Non-Tax Revenue Directorate facilitated the workshop at the MoF Khyber Hall. USAID funded the workshop, and representatives from the ARD Non-Tax Revenue Directorate and the MoF Administration and Finance, Tax, and Treasury Departments delivered presentations with technical support from the project. Representatives from state-owned enterprises in Kabul and the provinces as well as representatives from USAID and Adam Smith International (ASI) attended the workshop. The workshop summarized the importance of non-tax revenues, highlighted the results of the state-owned enterprise financial reporting assessment findings, and introduced proposed reforms that will streamline revenue collection and assist state-owned enterprises in differentiating tax and non-tax revenue collection and related financial reporting to MoF.

The Deputy Minister of Revenue and Customs, Mr. Said Mobin Shah, opened the workshop, providing an overview of the economic importance of state-owned enterprises, the role of financial stability in Afghanistan's economic growth, and the importance of revenue collection. The Director General of State-Owned Enterprises, Mr. Ansari, discussed the background of state-owned enterprises in Afghanistan and their current financial reporting system. Dr. Ahmad Shah Zamanzai, Director General of ARD, also spoke at the event, noting the importance of streamlining revenue collection and increasing non-tax revenues. He also expressed his concerns about administrative and procedural obstacles to the revenue collection in government revenue generating entities and stated his support for the Non-Tax Revenue Directorate agenda for reforming non-tax revenue collection within revenue generating government entities.

Amina Sadat and Abdul Razaq Babakarkhil, NTR Directorate officers, delivered presentations on the current state-owned enterprise revenue collection process and provided detailed information on non-tax revenues, including social security contributions, grants from foreign governments and international organizations, property income, interest, rents from government property, fines, penalties, and 75% net profit of state-owned enterprises. They also introduced the new forms that will differentiate financial reporting of state-owned enterprise tax and non-tax revenues. Representatives from MoF provided information on the newly-established bank account for collecting state-owned enterprise non-tax revenues and the requirements for financial reporting that will facilitate collection of state-owned enterprise non-tax revenues to a specific central bank account.



## Workshop Results

The workshop raised awareness among state-owned enterprises about the proposed reforms to streamline the current revenue collection process and reporting system. Throughout the workshop, the participants from Kabul and provincial state-owned enterprises engaged in active discussions with the presenters and each other. The participants were made aware of key non-tax revenue issues and the new reporting processes and forms that are part of the non-tax revenue reporting reforms to help differentiate state-owned enterprise tax and non-tax revenues.

## Workshop Agenda

Time	Activity	Facilitator
8:30 - 9:00	Registration	Participants
9:00 - 9:10	Recitation of Holy Quran	Qari Saheb
9:10 - 9:20	Opening remarks	Said Mobin Shah, DM Revenue and Customs and Dr. Zamanzai, DG ARD
9:20 - 9:40	Presentation on non-tax revenues	Amina Ahmady, NTR Director and Amina Sadat, NTR Research Officer
9:40 - 10:30	Introduction of NTR new bank account for SOEs and NTR reporting new form	Abdul Razaq Babakerkhil, NTR manager and Naseer Ahmad NTR local advisor
10:30 - 10:50	Tea break	
10:50 – 11:30	Presentation on SOEs tax collection	LTO officer
11:30 – 12:30	Presentation on revenue collection reporting forms M27 and M29	Treasury Department Officer
12:30	Lunch	

## Workshop Participants

No.	Participating Organization	Province	Total Participants	Name of Key Participants
1	State-Owned Enterprises	Helmand, Jowzjan, Balkh, Baghlan and Parwan	18	Abdul Khaliq, Director Zoghal Sang Shamal SOE; Mohammad Sadeq, Director Celo-e-Balkh SOE
2	State-Owned Enterprises	Kabul	47	Shafiullah, Director Makroryanha SOE; Mohammad Asghar, Director Defense Industry SOE
3	MoF-General Directorate of SOEs	Kabul	8	Mr. Ansari, Director General of SOEs
4	MoF-Treasury Department	Kabul	1	
5	MoF-Large Tax Payers Office	Kabul	1	
6	MoF-Admin & Finance Dept.	Kabul	3	
7	MoF-Accounting Dept.	Kabul	1	
8	USAID	Kabul	3	Qader Danish, EGGI COR; Dennis Wesner, EGGI ACOR
9	MoF-ARD	Kabul	3	Dr. Ahmad Shah Zamanzai, Director General ARD
10	ASI	Kabul	1	Benjy, NTR Advisor
11	National Television	Kabul	2	
12	MoF-NTR	Kabul	8	Amina Ahmady, NTR Director
Grand Total			<b>96</b>	