



**Islamic Republic Of Afghanistan
Kabul Municipality**



**REVENUE GENERATION POLICY
DEPARTMENT OF REVENUE**

H.E Mohammad Yonus Nawandesh

Signature: _____



Islamic Republic Of Afghanistan

Kabul Municipality



1. Purpose

The Revenue Department seeks to collect revenue from different sources in order to provide goods and services to the citizens of Kabul Municipality. This policy seeks, as good as possible within the existing legal framework, to provide guidelines to KM officials to ensure the values mentioned in Section 3.

2. Scope

This policy is related to, but different from the following municipal policies:

- the *Safayi'i* charge policy;
- the policy on business licenses;
- the property lease policy.

These policies cover three major revenue sources, but do not cover other important revenue sources. This document will cover aspects that are common to all revenue generation activities. For specific policies with respect to revenue sources other than the three mentioned see the Three Year Revenue Improvement Plan (§ 5).

Specifically, this policy applies to all revenue categories mentioned in the Urban Service Charges Law, but also to advertisement (sign) charges, architect fees, market fees, park entrance fees, zoo entrance fees, funeral fees, as well as new revenue sources such as monthly transfers received from national government, either on the basis of revenue sharing or a (yet to be established) national municipality fund, and borrowing by the municipality.

This policy applies not only to the revenue department and district revenue units, but also to all other departments, district units and commissions over which Kabul Municipality has jurisdiction.

3. Guiding values

The following principles shall guide the revenue collection practices of the Kabul Municipality:

- a) Effectiveness;
- b) Efficiency (priority for cases where the largest municipal revenue is at risk);
- c) Fairness to all citizens and respect for their privacy;
- d) Professionalism;
- e) Integrity;
- f) Transparency (clear communication to municipal staff and citizens) and accountability.



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These values will be communicated consistently to revenue officers and citizens, and put into practice. To promote transparency KM is committed to laying down in writing:

- work procedures covering the aspects of 1) the identification and registration of taxable objects, 2) assessment, 3) citizen account management, and 4) debt management including arrangements for payment in installments and enforced collection;
- job descriptions of its revenue officers (including job requirements).

4. Legal framework on municipal revenue

The quality of Afghanistan's legal provisions with respect to municipal revenue is a constraint in KM's efforts to generate revenue from any source.

KM will work in a constructive manner with national government (the President's Office, IDLG, MoF) and other stakeholders (the other municipalities) to upgrade the quality of national legislation (in particular the Urban Service Charges Law from 1379 / 2000, Official Gazette 794, and related regulations), in particular to safeguard a workable extent of municipal autonomy in this area. KM will complement national laws and regulations, within the scope of its municipal autonomy, by introducing municipal by-laws. KM will work to ensure the following.

- Legislation will cover all revenue sources, including advertisement (sign) charges, the 1% title deed transfer tax, construction permit fees (to replace architect fees and map fees), market fees, parking fees for all vehicles including trucks and vehicles from Kabul itself, park entrance fees, zoo entrance fees, funeral fees, solid waste tipping fees, but also transfers from national government, investment revenue, donations, revenue from borrowing.
- There will be legal provisions for the deadlines for payment; legal interest and fines; and for an adequate set of enforcement tools, including the temporary closure of business premises, the refusal to issue certain documents, and liens on real estate.
- To provide more legal certainty, citizens shall be given the right to object and appeal against the factors underlying an assessment for the purposes of the *safā'ī* charge.
- The rate schedule used for *safā'ī* charges is outdated, it results in gross undervaluation. Municipalities should have a degree of autonomy to adopt their own valuation rules that reflect prices in the local real estate market.
- Business licenses should be valid for periods of three or five years. This will improve the business climate, reduce the need for collection efforts, and improve KM's cash flow. The rate schedule for business license fees is to be simplified drastically, with much less sectors of activity. Ideally the rate should be proportional to the surface area of all the floors of the building.
- Construction permit fees shall be raised, and be made proportional to the surface area licensed.



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5. Three Year Revenue Improvement Plan

Kabul Municipality has adopted a Three Year Revenue Improvement Plan for the years 1390-1392. This Plan will be evaluated and updated once every year, simultaneous with the preparation of the budget for the next year, and of the three year revenue forecast. It contains, and future versions will contain, envisaged measures with respect to new revenue sources, rates, legal amendments, and administrative practices, as well as a time frame for action. Policies with respect to specific revenue sources are contained in this document.

6. Monitoring the Extent to which Fees are Cost Covering

KM will strive to make fees cost covering, to the extent possible within the existing legislation. It will arrange its Chart of Accounts in such a manner that the costs of issuing business licenses, operating markets, parks and the zoo, and conducting funerals can be known.

7. Communication with the citizens

KM will facilitate citizens who wish to voluntarily comply with the law by providing them information with respect to their obligations and rights concerning municipal revenue matters. KM will make optimal use of communication channels such as illustrated brochures, the municipal website, a helpdesk in the town hall, wakil-i-gozar's, and press messages. After the upgrading of the legislation (§ 4), standard assessment letters will specify the due date for payment, the right to object and the time frame for that, and possible consequences of non-compliance.

8. Integrating the administration of different revenue sources

KM will investigate options to make its revenue generation efforts more citizen-friendly and more effective by integrating the efforts to collect business license fees, advertisement (sign) fees, the *safā'ī* charge and other charges and fees.

9. Consequences of Violations:

Violation of this policy by civil servants may result in disciplinary action and will be treated as per the Kabul Municipality's Disciplinary policy.

10. Policy Evaluation:

This policy will be reviewed and updated annually, as a part of the annual budget completion review.

11. Entry into Force of this Policy

This policy comes into force after approval by His Excellency the Kabul Mayor.