



**Islamic Republic Of Afghanistan  
Kabul Municipality**



# **REVENUE GENERATION STANDARD OPERATING PROCEDURES**

H.E Mohammad Yunus Nawandesh

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# Islamic Republic Of Afghanistan Kabul Municipality



## Scope of Applicability

This Standard Operating Procedure, based on Kabul Municipality's Revenue Generation Policy, applies to all Kabul Municipality central and district offices.

This SOP is related to, but different from the following municipal SOPs:

- the SOP on the *safā'ī* charge;
- the SOP on business licenses;
- the SOP on rent of municipal properties.

This document will cover aspects that are common to all activities generating taxes or fees. Specifically, it applies to all revenue categories mentioned in the Urban Service Charges Law, but also to advertisement (sign) charges, the 1% title deed transfer tax, architect fees, construction permit fees (in the future 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, and host and tipping fees.

## Contents

The following procedures shall be applied for revenue generation:

- 1) legal review and dialogue with national government;
- 2) Revenue Improvement Action Plan;
- 3) the identification and registration of chargeable objects;
- 4) assessment;
- 5) citizen account management;
- 6) debt management including a) arrangements for payment in installments and b) enforced collection;
- 7) monitoring the extent to which fees are cost covering;
- 8) communication with the citizens

## 1. Legal review and dialogue with national government

KM, recognizing that the quality of Afghanistan's national legislation with respect to municipal revenue is a serious constraint for the future development of the municipal sector, has a policy of engaging in a constructive dialogue on this matter with national government (the President's Office, IDLG, MoF) and other stakeholders (the other municipalities).

First, municipalities must explicitly be given the power to adopt municipal bylaws without need for approval from higher authorities, as long as they are consistent with national laws and regulations and do not exceed the powers assigned to municipalities in the Municipalities Act.

Second, rules that are specific for Kabul, such as the valuation schedule for the *safā'ī* charge and the annex to the Rent Determination Regulation, must be removed from the national legislation and come under the control of Kabul Municipality itself.

Third, it needs fee rate levels that are cost covering.

Kabul needs greater flexibility in the national rules concerning tax and fee rates, and it needs more explicit rules for penalties and instruments of enforcement, and other improvements in the laws and specified in KM's revenue generation policy.

Kabul shall follow a procedure of attaching its written proposals to its annual budget and submitting them each year not only to the President's Office for approval, but also send a cc to IDLF, MoF and the most prominent of the other municipalities.



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## 2. Annual Revenue Improvement Action Plans

Kabul Municipality has adopted a Three Year Revenue Improvement Plan, which will be evaluated and updated 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. The document will contain policies with respect to each specific revenue source. The period for developing the revenue improvement plan is mid-Hamal [month 1] till 10 Asad [month 4], i.e. early April till early July of every solar year. Djawza [month 3] is the deadline for districts to provide their inputs.

## 3. The identification and registration of chargeable objects

To the extent districts dispose of computerized databases concerning business licenses, construction permits, advertisement (sign) fees, the *safā'ī* charge and other charges and fees, the districts will integrate these in order to identify unpaid revenue. Furthermore with respect to business licenses the computerized databases of the center (concerning first registrations) and the districts (concerning renewals) will be linked.

For purposes of field visits, district officers responsible for advertisement (sign) fees shall form one team with district officers responsible for business license fees and for the *safā'ī* charge.

## 4. Assessment

The center shall redesign standard assessment letters for each revenue source. They will specify the amount to be paid, the basis for the amount, the due date for payment, the right to object and the time frame for that, and possible consequences of non-compliance.

## 5. Citizen account management

Each district as well as the central departments shall use computerized databases (as part of FMIS or otherwise) to monitor payment obligations, actual payments, and payment arrears of each citizen with payment obligations.

## 6. Debt management

Districts will, after one month of non-compliance, send a reminder letter. If the citizen has no means to pay, an arrangement to pay in installments may be negotiated; if so, it must be properly documented.

After two months of non-compliance, they will hand over a second reminder letter with a more strongly worded warning, in company of the police.

After three months, in the case of business license fees and sign (advertisement) fees, the shop will be locked up for three days, if necessary with police support.



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**7. Monitoring the extent to which fees are cost covering**

KM strives to make fees cost covering, to the extent possible within the existing legislation. Each year as part of the budget cycle it will calculate the costs related to all services for which fees are charged, on the basis of comprehensive costing and not just the costs of labor or of land. Annually it will inform the national authorities about these cost covering fee levels (§ 1).

**8. Communication with the citizens**

KM will design and disseminate a range of brochures, in both Dari and Pashtoo, covering each major revenue source, and make sure that all districts have an adequate number of them in stock. KM will ensure that at all times its website will reflect the present state of the national and municipal legal documents, and contain all existing brochures. KM will establish and staff a help desk in the town hall.

PREPARED BY:

Prof. Eng. M.A. Akrami  
DM Administration and Finance

(signature)

APPROVED BY:

Mohammad Yunus Nawandesh  
Mayor of Kabul City

(signature)