DOMESTIC RESOURCE MOBILIZATION CASE STUDY: AFGHANISTAN

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Executive Summary

Domestic resource mobilization (DRM) in Afghanistan has come a long way since 2002, when the tax administration collected only pennies per citizen. By 2003, the tax and customs departments were already collecting about four percent of GDP. The rise in government revenues continued quite steadily, peaking at almost 12 percent of GDP by 2010. With economic deceleration, political uncertainty, and impending troop drawdowns, government revenue performance deteriorated, dropping to eight percent of GDP in 2012.

With the installation of the National Unity Government after September 2014 elections, efforts to reinvigorate domestic resource mobilization (DRM) were initiated. These efforts, despite the continuing insecurity and the sluggish economy, have helped the country to regain its earlier peak revenue performance, with total government revenues reaching 12 percent of GDP in 2016.

Authorities focused on the simplest taxes to collect, namely, border taxes, a tax referred to as the business receipts tax (BRT), and rather simple income taxes for both individuals and companies. A simplified tax was developed for small businesses that could be paid in place of the corporate income tax and the business receipts tax. With respect to import duties, the Afghans implemented a new, partially rationalized duty schedule, with fewer rates and a schedule following the Harmonized System of codes for classifying traded goods, with an aim to enhance transparency and fairness in the tax treatment of international trade.

On the administrative side, the Afghan government had to build both tax and customs administrations – almost from scratch – developing their staff and equipping them with the tools to do their jobs, such as skills, procedures, equipment, facilities, and information technology (IT) systems.

International donors provided training, materials, and technical assistance to reorganize the Afghan Revenue Department (ARD) following international best practices, design new procedures, construct or refurbish facilities, implement IT-based solutions, and extend ARD’s reach to all of the country’s provinces. International experts helped the Afghan government draft new laws and regulations, prepare manuals, and train staff to implement them.

Although much progress has been made, Afghanistan still faces many challenges – to strengthen its tax and customs administrations, root out corruption, and facilitate taxpayer compliance. A value added tax (VAT) has been enacted into law and is planned for implementation starting in 2020. Common excises on products such as tobacco, alcohol, and fuel are also absent or under-developed.
Acknowledgments

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Thanks to Dr. William Byrd of the U.S. Institute for Peace for sharing his experience and knowledge of Afghanistan and providing important information about the fiscal system reform. Moreover, Maarten de Zeeuw provided very interesting comments and shared his experience as a tax advisor in Afghanistan. His understanding of both the Afghan fiscal system and donor DRM programs very much helped inform this report. Dr. Rup Khadka, international tax consultant, also provided useful input, especially with regard to tax policy issues.

Sincere thanks to David Dod, Anton Kamenov, Steve Rozner, and Nassim Atahi, all of USAID, for guidance and suggestions.
Preface

Programs to strengthen DRM in developing countries are critically important not only to reduce reliance on donor funding, but more important, to provide governments with a dependable expanding, and sustainable source of revenue for investing in development and delivering essential public goods and services. Transparent DRM systems can also be a foundation for building good governance and enhancing accountability in public finance management. In addition, DRM programs can deliver major economic benefits by creating tax systems that foster more efficient private sector development.

The 2015 Addis Ababa Action Agenda on Financing for Development placed DRM front and center as a goal in its own right and as the most viable mechanism to achieve the Sustainable Development Goals. To follow up on the Addis Agenda, the Addis Tax Initiative was established, underpinning the international community’s commitment to help developing countries strengthen their DRM efforts.

In seeking to improve revenue performance, developing countries face enormous challenges, including weak administrative and enforcement capacity; an inherently narrow tax base, owing to low incomes and a prevalence of informal sector activities; a culture of low tax compliance; and, deep-seated problems with corrupt practices.

Notwithstanding these challenges, many developing and transition countries, as well as fragile states – including Afghanistan – have shown remarkable progress in strengthening DRM. This case study tells the story of Afghanistan’s successful efforts to enhance revenue system performance.
Acronyms

ACD       Afghan Customs Department
AIFMIS    Afghanistan Integrated Financial Management Information System
APFM      Afghanistan Public Financial Management Project
ASYCUDA   Automated System for Customs Data
ARD       Afghan Revenue Department
BRT       business receipts tax
CIT       corporate income tax
CITPROD   corporate income tax productivity
COTS      commercial-off-the-shelf
DFID      United Kingdom’s Department for International Development
DRM       domestic resource mobilization
DTF       distance to frontier
EGGI      Economic Growth and Governance Initiative
FY        fiscal year
GDP       gross domestic product
GIRoA     Government of the Islamic Republic of Afghanistan
IMF       International Monetary Fund
IT        information technology
LTO       Large Taxpayer Office
MTO       Medium Taxpayer Office
MOF       Ministry of Finance
NTR       non-tax revenue
ODA       Official Development Assistance
OECD      Organization for Economic Cooperation and Development
PIT       personal income tax
PITPROD   personal income tax productivity
SIGTAS    Standard Integrated Government Tax Administration System
UNCTAD    United Nations Conference on Trade and Development
USAID     United States Agency for International Development
VAT       value added tax
WoRLD     World Revenue Longitudinal Data
Domestic Resource Mobilization Case Study:
Afghanistan

Introduction

The Government of the Islamic Republic of Afghanistan (GIRoA) has made considerable progress over the past sixteen years. Institutions of state have been established; schools, roads, and other infrastructure built and put into operation; and progress made in establishing the rule of law. The economy has grown — though with ups and downs — and per capita income has nearly tripled from $200 per person in 2003 to about $600 in 2015. Still, the country remains a fragile state, peace is uncertain, and insurgency and terrorism still rear their ugly heads, creating fear and uncertainty.

Afghanistan’s Success in Building a Revenue System

When the international community arrived in Afghanistan in 2002, intent on helping Afghans develop new institutions of state, government revenues from the prior year had been estimated as less than one dollar per citizen. It quickly became clear to Afghan leaders and the international community, alike, that more modern systems of revenue mobilization would need to be built as part of a national recovery and modernization program.

Since 2003, Afghanistan has made progress in mobilizing domestic revenues, moving the government from almost total reliance on trade-distorting import duties to taking up the imposition of taxes that had been ignored under the Taliban. Unsteady economic growth up until 2009 was accompanied by almost steady rises in the revenue-to-GDP ratio. Despite economic deceleration that accompanied foreign troop withdrawals starting in 2012, the revenue-to-GDP ratio began to rise, and by 2016, it had once again attained the heights achieved in 2009 and 2010.¹

¹ Revenues in 2016 were higher than planned and according to USAID (2017a) were buoyed by a number of one-off non-tax revenue inflows, in particular, a recovery of 10 years of passport fees from Iran, and specific inflows from Da Afghanistan Bank (Afghanistan’s Central Bank). 2016 also saw the introduction of a 10 percent charge on telephone calls.
Despite this progress, Afghanistan remains a low-revenue country. For instance, Figure 2 compares Afghanistan’s tax-to-GDP\(^1\) ratio with that of comparator countries in the region and with the rest of the world. Afghanistan has the second-lowest tax-to-GDP ratio among neighboring countries: its ratio is also lower than that of the average level for low-income countries worldwide. It is worth noting, however, that certain revenue categories that are classified as non-tax revenue in Afghanistan—namely, so-called “fees” related to fuel and telecommunications—would normally be classified as excise tax revenues according to international standards.\(^3\)

The main contributors to Afghanistan’s domestic resource growth over the past decade were personal income taxes (PIT), the business receipts tax (BRT), and a variety of non-tax revenues (NTR), as shown in Table 1.

**Table 1: Contributors to Afghan DRM, 2007 and 2016**

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2016</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percent of GDP</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total resources</strong></td>
<td>7.9</td>
<td>12.0</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Personal income tax</strong></td>
<td>0.3</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Business receipts tax</strong></td>
<td>1.4</td>
<td>2.2</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Non-tax revenue</strong></td>
<td>1.9</td>
<td>4.1</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Based on data presented in Annex C.

Note: 1. Total resources include taxes and non-tax revenue.

2. Rows do not tally because these are not the sole sources of resource increases.

\(^2\) Much of the non-tax revenue in Afghanistan would be counted as tax if Afghanistan were following international revenue classification standards. If only what is referred to as tax revenue were compared, Afghanistan would still have a higher tax-to-GDP ratio than Turkmenistan.

\(^3\) Annex A highlights the revenue system in Afghanistan, outlining the composition of tax and non-tax revenues.
In recent years, the government has had a campaign to increase NTR through a wide variety of fees and charges, including doubling of road tolls and airplane overflight fees. Nonetheless, in 2016, almost half of the increase in NTR came from the sale of lands and buildings by the GIRoA. Such sales do not represent recurrent revenue and, hence, may not be sustainable. The extractive sector has so far contributed very little to the Afghan economy or to the treasury although the sector has been highlighted as offering a great potential, both for the economy and government revenues. Indeed, sources indicate that Afghanistan may be sitting atop over $1 trillion in untapped minerals.4

While Afghanistan has made some progress in raising the revenue productivity of its personal and corporate income taxes, it remains woefully behind world averages (see Table 2). According to the United States Agency for International Development’s (USAID) Collecting Taxes database, in 2012/13, the cost of collecting taxes around the world was about 1.2 percent of the total revenue collected. Although data on the budget expenditures of the Afghanistan Revenue Department (ARD) and the Afghanistan Customs Department (ACD) were not available, the entire Ministry of Finance (MOF) budget can used, as shown in Table 2, as a proxy measure. In this case, it appears that the cost of collecting taxes in Afghanistan is not higher than the worldwide average, but it has increased.

Table 2: Revenue Productivity Indicators

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CITPROD</td>
<td>-</td>
<td>0.03</td>
<td>0.06</td>
<td>0.09</td>
<td>0.08</td>
<td>0.06</td>
<td>0.15</td>
</tr>
<tr>
<td>PITPROD</td>
<td>0.01</td>
<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
<td>0.05</td>
<td>0.05</td>
<td>0.22</td>
</tr>
<tr>
<td>COST*</td>
<td>1.4% (2009)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.9%</td>
<td>1.24%</td>
<td></td>
</tr>
</tbody>
</table>

Author’s calculations for Afghanistan. CITPROD is a measure of the revenue productivity of the corporate income tax. See Annex C for World data.
- Not Available
PITPROD is a measure of the revenue productivity of the personal income tax. See Annex C.
COST* is the budget of the Ministry of Finance (includes ARD, ACD and rest) as percent of total national revenue collection. USAID Collecting Taxes database.

For taxpayers, ARD and ACD administrative procedures continue to pose substantial costs or obstacles to business. Indeed, the World Bank’s Doing Business5 program indicators show that from 2006 to 2016, Afghanistan’s Paying Taxes distance-to-frontier (DTF) score, measuring the degree to which a country is applying tax best practices, actually declined from 77 to 52 percent. On the other hand, the modernization efforts at the ACD, such as introducing automated systems, streamlining processes, and instituting risk management programs, have

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5 See the World Bank’ Doing Business website for details: http://www.doingbusiness.org/. The 2017 number is from the 2018 report.
contributed to making it easier to do business. According to the *Doing Business* surveys, Afghanistan’s DTF score for Trading Across Borders rose from 16 to 31 percent between 2006 and 2016, although its global ranking was still only 175th among 189 countries.

**How Afghanistan Achieved These Revenue Results**

DRM enhancement in Afghanistan has come in two waves. In the first wave, the basic revenue institutions were revived and strengthened. Essentially, new organizations were created, new cadres were formed, and basic laws and regulations were established. This first wave started in 2002 and produced good financial results for the Afghan government when International Security Assistance Force operations and other foreign-aid drivers to the formal economy were exceptionally strong.

The second wave began much more recently, and it includes the steps taken to help the Afghan tax system produce the revenues needed to support the state on a sustainable basis. The government is doing this by introducing modern techniques and methods and a new approach to the taxpayer – one that will help to facilitate tax payment and support voluntary compliance -- and do so at a lower cost to the taxpayer. The groundwork for this second phase only began in 2010 when the country started its multiyear program to implement modern information technology for taxation.

The next two sections discuss tax and customs administration and tax policy reforms implemented since 2003 (see Annex B for timeline). A discussion then follows on how these reforms were supported by donor assistance.

**Tax and customs administration**

Starting from a revenue system that operationally was based mainly on import duties, critical reforms were initially undertaken inside the MOF, with the strengthening of the ARD, responsible for the collection and management of most domestic taxes and NTRs. A few specific events were key to this progress. The 2005 Income Tax Law did not introduce any new taxes, but it consolidated a large number of tax law changes that existed on paper but were not operational. The 2009 Income Tax Law introduced measures to strengthen fiscal enforcement powers, encourage voluntary compliance, and strengthen the framework for extractives. Not until 2010 did the ARD initiate its integrated IT system project, which only in recent years has begun to bear fruit in terms of overall increases in revenues.

Previously, the administration of domestic taxation in Afghanistan was archaic. Systems were paper-based, archives were poorly maintained, and files were irretrievable. Tax administration authorities did not apply any standardized processes, and treatment of taxpayers varied throughout the country. Furthermore, staff members were few and poorly skilled. The result was extremely poor performance and revenues: The United Kingdom’s Department for International Development (DFID) estimated that revenues had come to only about $10 million as of 2002, compared to $2.4 billion in 2016.
The situation in customs administration was no better. The ACD lacked experienced managers, had only low paid and poorly trained staff, inadequate infrastructure, no IT, unclear procedures, no information or documentation, such as staff manuals or even taxpayer forms, and limited organization. Often the ACD’s border role was usurped by other agencies or actors, limiting its ability to collect the revenues due from international trade. The ACD did not have control over the valuation of imported goods for taxation purposes; instead, this was the purview of the Chamber of Commerce and brokers that represented the importers at the border and who were not even licensed. Today, one-third of the Afghan government’s revenues are from import duties; moreover, a significant portion of certain “administrative fees” (similar to fuel and telecoms excises) and BRT revenues are actually collected in customs. In 2002 and 2003, almost all government revenues had reached the treasury via the customs system.

In 2003, Afghanistan began the work of rebuilding its tax administration. This included the reorganization of the ARD, the registration of taxpayers, and the issuance of taxpayer identification numbers. The ARD reorganized along functional lines, away from a tax-type structure.

The ARD also established an official presence both in Kabul as well as in other provinces around the country. The ARD now has established Large Taxpayers Offices (LTOs) as well as Medium Taxpayer Offices (MTOs) in several parts of the country. Rollout to five additional provinces is planned from by 2021. This taxpayer segmentation enables the ARD to better provide services to these taxpayers, while better encouraging taxpayer compliance. At the same time, the ARD has trained many staff in audit, taxpayer services, and general tax administration; moreover, it has also installed a new, commercial-off-the-shelf (COTS) e-tax administration system that supports streamlined processes and procedures.

These organizational changes were meant to support improvements in tax administration efficiency, institutionalize the system of self-assessment, and promote greater voluntary compliance. From 2008 to 2012, the ARD consolidated these organizational changes and rolled out these changes in major economic centers such as Balkh, Herat, Kandahar, Kunduz, and Nangarhar. At the same time, the ARD automated many of its basic business processes.

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Note that ARD has no autonomy. It has no personnel department of its own. Its employees are MOF employees, and tax administration staff in provinces and mustafyats (MOF provincial offices) are not ARD employees. As such, some actions reported in this case study are not solely ARD actions and might, in some instances, be better attributed to the MOF. Nonetheless, for all administrative actions reported here, reference is made to the ARD since the focus is more about the action rather than the specific organizational unit responsible. And since the ARD is a department of MOF, all ARD activities are, in fact, MOF activities.
In 2010, the ARD started up activities that would lead to the eventual implementation of the Standardized Integrated Government Tax Administration System (SIGTAS), a COTS software solution that supports data management and facilitates tax return processing, enforcement, and audit. SIGTAS implementation is expected to eventually pave the way for automation of ARD frontline taxpayer services, leading to e-filing and e-payment.7

At the same time, the ARD has introduced a modern risk-based compliance framework in Kabul and five key provinces. Risk-based compliance will help the ARD optimize the deployment of internal resources through comprehensive audit procedures and manuals aimed at focusing on high-risk sectors and improving transparency to taxpayers. The intent of introducing risk management in these tax processes is not only to conserve ARD's own resources, but also to encourage voluntary compliance by allowing ARD to focus on likely fraudulent or non-compliant taxpayers, sparing taxpayers who are complying with tax regulations.

More recently, ARD has been preparing for value-added tax (VAT) implementation -- now scheduled for December 2020 -- including developing procedures and processes, and conducting taxpayer information and outreach. Processes and regulations are now ready to be put into operation, requiring only minimal adjustments once the VAT law is enacted.

As of this writing, SIGTAS and almost all automated processes are operating throughout most of the country. Skills and capacity of all ARD staff members throughout the country have been vastly improved. Regulations, rulings, manuals, forms, and procedures have been developed and are in use for all of ARD and taxpayer requirements, based on the 2015 Tax Administration Law. In addition, ARD formally supports voluntary compliance through constant taxpayer outreach and education.

**Tax policy**

The three highlights of tax policy (including customs) reform are: 1) the rationalization of customs duties in 2003; 2) the enactment of the Income Tax Law of 2005, which amended the pre-Taliban tax system and consolidated all changes into a single law; and 3) the Income Tax Law of 2009, which amended the Income Tax Law of 2005.8

The Income Tax Law of 2005 was not a new income tax law per se, but rather a law amending the Income Tax Law of 1965, which, despite its name, not only imposed direct taxes on income, but also included the BRT, which was a tax on a firm's total revenue. The 2005 law amends 35 of the original 99 articles of the 1965 Income Tax Law.

In one sense, the BRT is sometimes considered a presumptive income tax since the tax rate varies depending on the activity of the taxpaying company. Yet, since its base is overall revenue, or total sales, it truly is an indirect tax. Also, the amount of BRT paid does not affect the amount of corporate income tax (CIT) that must be paid by the taxpayer. The BRT is recorded as a sales tax in Afghanistan's fiscal accounts.

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7 E-services at the time of publication were still not widely used among the country’s taxpayers.
8 Annex A highlights the Afghan revenue system.
The Income Tax Law of 2009 simplifies the definition of the fixed tax, a type of levy on persons and small businesses not subject to the CIT and the BRT. It also introduces clearer, more comprehensive rules specific to the taxation of the extractives sector. Indeed, an entire chapter is dedicated to the topic. The law also extends the practice of withholding taxes and makes small changes in the BRT. It does not change the CIT rate and makes small changes in the structure of the PIT, as presented in Table A1 in Annex A.

In January 2017, the new VAT law was enacted and will take effect in 2020. The VAT rate is 10 percent on most goods and services, with a zero rate for exports and for some basic goods, such as staple foodstuffs (limited to wheat, flour, rice, sugar, edible oil, tea, onion, potato, and salt) and some household goods (namely, coal, fuel wood, liquid gas, and soap). The VAT includes the normal exemptions, such as those for diplomatic missions, humanitarian aid, and religious establishments.

Donor support

Donor support has been key to bringing order to how customs revenues would be collected and transferred to the central government, to setting up domestic taxation, and to the modernization of both tax and customs administration. Donor support has included the development of basic legal frameworks and laws, along with regulations and the development of manuals for implementation. Donor assistance has funded construction works, technical assistance, training, and the deployment of systems.

Several donors have been involved in strengthening of DRM in Afghanistan, with DFID being the lead provider of technical and material assistance. USAID has provided complementary assistance in these areas in close collaboration with DFID and has even provided co-financing for some of DFID’s activities. Other assistance, such as in setting out overall policy and fiscal strategy guidance, has been provided by the International Monetary Fund (IMF), while the World Bank has supported broader public financial management and customs modernization assistance. The Asian Development Bank has also provided technical assistance to the ARD in its modernization efforts.

DFID first arrived in Afghanistan to work on DRM in 2002 and continued to 2016. Beginning in the early years,

DFID helped to improve the legal framework for tax administration, establish the ARD as the country’s administrator of domestic tax and non-tax revenues, draft legislation—in particular the Income Tax Law (2005, 2009) and the Tax Administration Law (2015)—and provide support in the organizational set up of the ARD as well as fund the construction of ARD facilities. This organizational strengthening included, inter alia, putting in place the human resource systems and providing recruitment and training support and on-the-job development of a large cadre of ARD tax professionals. DFID advisors also helped reorganize ARD along functional lines and to set up taxpayer-segmented structures, such as the LTO and MTO in Kabul, for later rollout to other provinces.

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9 Strawson and Ifan (2014) indicate that about two-thirds of spending on assistance to DRM in Afghanistan has been executed by DFID.
10 Many NTR are actually collected by line ministries.
Other important threads of DFID’s assistance have been to help build capacity for policy analysis and revenue forecasting and simulation and to procure and initiate implementation of SIGTAS. SIGTAS has taken several years to be customized, configured, and implemented just in Kabul, but it has now been rolled out to several other regional or provincial ARD offices and to Kandahar province in 2017. DFID advisors also assisted in developing the audit and enforcement manuals and in providing training in their use.

DFID advisors also worked on strengthening the legal framework for taxation. With their help, Parliament enacted the new Income Tax Law of 2009 to amend the earlier tax law and to strengthen tax penalties, enhance ARD’s enforcement resources, and widen the use of withholding taxes, among others.

More recently, DFID and USAID assistance focused on helping the ARD expand its coverage to be a truly national tax service by extending modernization efforts to provincial offices. A major theme of the technical assistance has been the automation of tax administration processes, particularly to complete the rollout of SIGTAS, with the goal of improving ARD efficiency and system transparency. DFID assistance was completed in 2016 and USAID assistance completed in 2017.

DFID advisors also helped draft the VAT law, regulations, and the internal-to-the-ARD systems and processes needed for VAT implementation. Given the government’s decision to postpone the VAT rollout to 2020, a World Bank-funded Fiscal Support Project, starting in 2018, is expected to provide a robust complement of five international advisors to assist implementation of the VAT.

USAID has been the lead donor in helping various arms of the Afghan government in the quest not only to increase NTR, but also to make the management and payment of NTR more rational and streamlined. NTR is an important revenue category for Afghanistan, but they are complex to collect given the number of ministries and agencies involved. USAID advisors helped these counterparts address various aspects of NTR mobilization, including providing analysis and advice in setting and implementing a new schedule for passport fees, airline overflight fees, airport security fees, airline passenger departure fees, and various fees related to vehicular traffic. USAID also funded and rolled out an electronic system for managing transportation revenues collections. One of the more fruitful measures was the increase in overflight fees charged to airlines traversing Afghanistan’s airspace.

Donors have also supported customs administration with the intent to both enhance its revenue generation function as well as facilitate international trade. The main donors involved have been the World Bank, USAID, and the European Commission. Donors have assisted in helping to improve trade policies, including the partial rationalization of import duties, construction of customs and transit facilities in various parts of the country, development and implementation of the Automated System for Customs Data (ASYCUDA), which is the information technology backbone for automation of all customs operations. They also assisted in training and the institutional capacity development of customs operations. Donor assistance in customs began in 2002 with assistance to develop an up-to-date legal basis for the establishment and operation of modern customs. USAID, in particular, assisted the ACD in the design and implementation of e-payment services; this effort not only facilitates payment processes for taxpayers, it also facilitates data management and control for the ACD and reduces the incidence of corrupt practices.
Unfinished Business

Afghanistan has come a long way. Still, the country is far from meeting its own revenue requirements and continues to rely heavily on foreign aid and support, amid continuing violence and slower growth. Nonetheless, there are many opportunities for the country to move ahead. The following are just a few.

Implement the VAT. VAT is a powerhouse of a revenue producer, does little harm to an economy, and is one of the most common taxes in the world. The VAT law has already been enacted, with implementation now scheduled for 2020, systems and processes for its administration designed and developed, and ARD and ACD staff already trained although more training is planned.

Develop a coherent, revenue-productive set of excises. Excise tax revenue averages about two percent of GDP in many developed countries, and slightly less in many developing countries. But other than certain “fees” charged relating to fuels and telecom, Afghanistan does not yet use this tax instrument to mobilize revenue. Excises on tobacco, alcoholic beverages, bottled soft drinks, tires, gasoline and diesel, and other products should be investigated as potential contributors to DRM. USAID (2017a) provides an analysis of the contributions that excises can make to increasing DRM as well as beneficial impacts with respect to health outcomes, natural environment, and road traffic congestion.

Make paying taxes easier. The country’s DRM strategy has been to implement taxes that are easy to administer, but it has not paid enough attention to taxation that would encourage investment, job creation, and enhanced competitiveness. Compliance with the current system is difficult, and it creates undue administrative burden on taxpayers.11

Measures to reduce corruption in the tax system can yield more revenue. Byrd and Payenda (2017) indicate three reasons for recent improvements in DRM, including the fact that 40 persons in the ACD and ARD had been fired either for corruption or incompetence, a move they herald as nearly unprecedented in Afghanistan. In its policy brief, the Afghanistan Public Policy Research Office estimates, “that half of the customs fees that are due to government are not collected because of an intricate system of bribe payments by traders and bribe taking by customs officials” (APPRO 2016). This brief offers a gamut of suggested reforms to implement that could help to reduce corruption and would also lead to increased revenues.

Assess the Afghan tax system. After more than $300 million in foreign assistance to DRM over almost two decades, no external agency has undertaken a comprehensive assessment of the Afghan tax system.12 Such a study should encompass tax and customs policy, revenue performance, and tax and customs administration.

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11 Grut (2017) reports on how the recent implementation of the 2015 Tax Administration Law has created so much confusion among taxpayers that queues are stretching and delays are growing, from hours to days. From Grut’s reporting, it is clear that the ARD did not give much consideration to taxpayer compliance burdens, neither in developing this new tax administration law nor in how it rolled out its implementation.

12 The ARD has conducted a self-assessment based on the IMF’s Tax Administration Diagnostic Assessment Tool (TADAT) methodology, but it has not released the results. The TADAT methodology is not the appropriate tool for this assessment because Afghanistan has no VAT, and TADAT does not cover issues related to customs, revenue productivity, or specifically, the business-enabling environment.
Lessons Learned

NTR is an area that is generally ignored by donors, but which has been a fruitful avenue for DRM in Afghanistan. Indeed, in evaluating the USAID/EGGI Project, Roades et al. (2014) explained that, “Non-tax revenues are a significant potential source of revenues for Afghanistan. As evidenced by the assistance [the Economic Growth and Governance Initiative] provided, additional revenues can be generated from existing non-tax revenue streams through efficiency gains as well as through increases in existing fees.” Indeed, NTRs contribute about one-third of all Afghan government revenues and in the last three years has seen the greatest growth.13

Senior political leadership has been key to carrying out reforms. Implementers report that many of the reforms they have supported faced considerable bureaucratic obstacles and that without top leadership support and push, the reforms would likely not have been implemented.

Value for money. From 2002 to 2016, donors have provided about $300 million in assistance to enhance DRM in terms of creating new legislation and assisting in building and mentoring new institutions, namely the ARD and the ACD. Total revenues (domestic tax, non-tax, and customs duties) from 2003 to 2016 amounted to about $18 billion, or $60 per $1 invested by foreign donors.

UNCTAD claims that simply implementing the ASYCUDA system in customs resulted in very high return – though the cost of implementing ASYCUDA has not been estimated. UNCTAD’s website states that implementing ASYCUDA in Afghanistan “resulted in a huge benefit for the country, boosting the customs annual revenue from $50 million in 2005 to almost $1 billion in 2013.”14

Issues related to the SIGTAS. A few lessons can also be drawn from the implementation of SIGTAS. These issues are not specific to SIGTAS but rather relate to any purchase and implementation of COTS software solutions.

- Lack of adequate infrastructure impedes deployment. The rollout of SIGTAS to the provinces was hindered by a lack of infrastructure, including Internet speed, limited bandwidth, unreliable and unsteady electricity, lack of computers, and sometimes, inappropriate facilities.

- Sustainability of SIGTAS beyond donor assistance. ARD officials both in Kabul and in the provinces raised concerns beyond donor assistance. Owing to the unavailability of capable ARD technical staff, officials have relied on donor-funded technical assistance whenever they encountered technical issues.15

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13 According to World Bank (2014), up to 15 percent of Afghan government revenues are from fees and charges (i.e., NTR) on the telecommunications sector. Although the author has not been able to independently validate this claim, it does seem the sector is an important contributor to DRM.

14 For project information and technical details, see UNCTAD’s ASYCUDA webpage, at https://asycuda.org/dispcountry.asp?name=Afghanistan.

15 This is a common problem with implementing donor-funded COTS solutions for taxation. The author most recently encountered this exact problem in Ethiopia, Liberia, and the Philippines.
Selected Bibliography


Chemonics, Inc. 2016. Afghanistan Trade and Revenue (ATAR) Project Year 3 Annual Report, for USAID.


____. Ministry of Finance, Afghan Customs Department, Project Implementation Unit. 2015. Environment and Social Management Framework (ESMF), PROJECT No: SCRTFP-AF (D076-AF), for World Bank credit.


Annex A: Highlights of the Revenue System

The Afghan revenue system does not completely follow international standards in its classification of government revenues, so it is important to highlight main revenue sources.

Domestic tax revenues include: 1) the personal income tax; 2) the corporate income tax, where each business, regardless of structure, pays tax of 20 percent of income; 3) the so-called “fixed tax,” in which small businesses and a variety of specific economic activities pay this tax in lieu of other income taxes, with rates varying widely; 4) the business receipts tax (BRT), levied on gross receipts, generally ranging from 2, 4, to 10 percent; and 5) capital gains tax on the sale of assets, mainly business capital assets.

Figure A1 shows the composition and evolution of the various contributors to DRM in Afghanistan from 2007 to 2016 as a percentage of GDP.

![Figure A1: Composition and Evolution of Revenues, 2006–16, as Percentage of GDP](image)

Note: Based on data presented in Annex C.

Corporate Income Tax

Corporate income tax (CIT) is levied on 20 percent of profits earned during the tax year. The 20-percent-rate has remained constant since before the 2005 Income Tax Law. The CIT is imposed on foreign companies operating in Afghanistan, specifically on their profits earned in Afghanistan. For Afghan companies, the CIT is imposed on worldwide profits, similar to the U.S. CIT.
Despite being referred to as corporate income tax, the tax is imposed on business profits regardless of company form, including corporations, LLCs, partnerships, and sole proprietors or sole traders.

The BRT is deductible from income. The CIT is supposed to be paid by all businesses; however, unlicensed businesses that sell goods and services to licensed companies or to any public-sector entity are subject to a definitive tax of seven percent of their bills, withheld by the paying company and remitted to the tax authorities.

**Business Receipts Tax**

As established in the 2005 Income Tax Law, the BRT was imposed on the receipts of corporations, LLCs, and partnerships. According to the 2009 Income Tax Law, the BRT is now imposed on the gross receipts or sales of businesses regardless of corporate form, meaning corporations, partnerships, LLCs, or sole traders. In the 2005 Income Tax Law, legal persons (companies legally established) with monthly receipts less than AFS 50,000 were not subject to the tax. The 2009 Income Tax Law raised this threshold, but only for natural persons (businesses operating as sole traders or sole proprietors and without a legal company license) to AFS 750,000 per quarter, equivalent to AFS 250,000 per month.

The BRT is not like a value added tax (VAT). It cannot be recovered as a good or service passes through the production or commercialization chain. It is also not a retail tax because it is collected by businesses operating as wholesalers, importers, retailers, and otherwise. In this sense, the BRT has a cascading effect in the economy because it is piled up as a cost as businesses transaction among themselves before reaching the final consumer.

The BRT rate structure has changed since the 2005 Income Tax Law. These rates and treatments are captured in Table A1.

**Table A1: Structure of the BRT in the 2005 and 2009/15 Income Tax Laws**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissions, fees, interest, dividends, rent, royalties, and similar income</td>
<td>5%</td>
<td>Interest and insurance premiums as well as dividends (now exempt)</td>
</tr>
<tr>
<td>Materials, equipment, services, transportation, and construction</td>
<td>2%</td>
<td>2%, increased to 4% in 2015</td>
</tr>
<tr>
<td>Premium income or insurance</td>
<td>2%</td>
<td>Exempt</td>
</tr>
<tr>
<td>Rate on admissions to public entertainment, including movies, plays, concerts, exhibitions, sports, and other shows</td>
<td>2%</td>
<td>2%, raised to 4% in 2015</td>
</tr>
<tr>
<td>Other goods and services</td>
<td>2%</td>
<td>2%, raised to 4% in 2015</td>
</tr>
<tr>
<td>Receipts for hotels and restaurants</td>
<td>10%</td>
<td>5% or 2% for small businesses 10% for hotels and restaurants providing “superior” services</td>
</tr>
<tr>
<td>Telecommunications and airlines</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Imports</td>
<td>--</td>
<td>2% but creditable against CIT</td>
</tr>
</tbody>
</table>
Fixed Taxes

A fixed tax is payable by businesses (whether individuals, corporations, LLCs, or other forms) conducting business and is payable in lieu of the CIT and the BRT. According to the 2005 Income Tax Law, persons with annual business receipts less than AFS 50,000 per month are thus not subject to the BRT.

The fixed tax is applied in a variety of ways and in different amounts, for instance, as shown below.

- Most persons who import goods without a business license will pay two percent of the value of the imported goods as a fixed tax. This tax was increased to three percent in the 2009 law.

- Persons who conduct internal trade pay tax according, in part, to the vehicles they use in this internal trade. The tax varies from vehicle type and size or capacity. The fixed tax provides for an amount of AFS rather than a percentage of a value. This provision is retained in the 2009 law, and the amounts were not adjusted.

- Businesses that are exempt from the BRT and CIT pay 10 percent of sales for the following: cinemas, theaters, carnivals, exhibitions, and other entertainment. This was amended somewhat in the 2009 law, but the rate of 10 percent on ticket sales remains unchanged.

- Persons engaged in the milling and processing of grains and seeds are subject to a fixed tax of 10 percent of the estimated revenue they are expected to earn, with this expected revenue earning calculated under somewhat complex and not quite transparent rules to be determined by the Ministry of Finance (MOF).

  If the mills are run by diesel-fueled motors, then the fixed tax is set at AFS 200 per year per horsepower of the motors employed at the mills.

  The fixed tax on milling and processing is not included in the 2009 law.

- In the 2005 law, all other fixed taxes on small businesses not already discussed above will be set according to a committee and approved by the MOF. This fixed tax table is revised every three years. The law indicates the type of information that the committee should consider when setting the fixed taxes. This complex, non-transparent method was replaced in the 2009 law.

According to the 2009 law, small businesses will pay a fixed tax, which in most cases is applied as follows:
a. AFS 0 for businesses with less than AFS 60,000 revenue in year,
b. AFS 2,000 (paid AFS 500 per quarter) with annual revenues between AFS 60,000 and AFS 150,000,
c. AFS 8,000 annually for business with annual revenues between AFS 150,000 and AFS 500,000, and
d. For businesses with receipts between AFS 500,000 and AFS 3,000,000, the tax is 3 percent of total revenue.

According to the 2005 law but not the 2009 law, the fixed tax was also specifically imposed on licensed physicians operating outside of state hospitals. They are obliged to pay the tax based on their years of experience, namely:

a. AFS 5,000 with up to 10 years of experience,
b. AFS 7,000 with between 10 years and 20 years of experience, and
c. AFS 10,000, more than 20 years of experience.

**Personal Income Tax**

Personal Income Tax (PIT) is generally imposed on the earnings of persons employed by firms, persons who have more than one job, and persons who engage in business as sole traders or proprietors. Most PIT is paid via the withholding of PIT from paychecks by employers.

The structure of the PIT is captured in Table A2.

**Table A2: Structure of the Personal Income Tax, 2006 to 2017**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2010</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PITMIN, AFS</strong></td>
<td>150,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>PITMAX, AFS</strong></td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>PITMINL</strong></td>
<td>10.9</td>
<td>2.40</td>
<td>1.62</td>
<td>1.57</td>
<td>1.48</td>
</tr>
<tr>
<td><strong>PITMINR</strong></td>
<td>10%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>PITMAXL</strong></td>
<td>87</td>
<td>47</td>
<td>32</td>
<td>31</td>
<td>30</td>
</tr>
<tr>
<td><strong>PITMAXR</strong></td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Note:* PITMIN, AFS = minimum income level upon which the first positive (non-zero) tax rate is imposed, in Afghanis.
PITMAX, AFS = minimum income level upon which the highest positive (non-zero) tax rate is imposed, in Afghanis.
PITMINL = PITMIN over per capita income, i.e., it is the multiple of the income tax minimum level to per capita GDP.
PITMAXL = PITMAX over per capita income, i.e., it is the multiple of the top tax-bracket minimum income-level to per capita GDP.

The 2005 Income Tax Law set the level of annual income at which the PIT would begin to be imposed (PITMIN) at AFS 150,000, which at the time was 10.9 times the country’s per capita income (PITMINL). The marginal tax rate on this income level was set at 10 percent. The law
also set the level of income at which the top PIT rate would be imposed (PITMAX) at AFS 1,200,000, which was, at the time, equivalent to 87 times per capita income (PITMAXL). With inflation and incomes growth, these rates declined between 2010 and 2017, from 2.40 to 1.48 for PITMINL and 47 to 30 for PITMAXL. The adjustment in income tax brackets, according to the 2009 Income Tax Law, and the growth in nominal incomes, means that more and more people were: 1) legally required to participate in the personal income tax and 2) would fall into the highest tax bracket with time. These factors, in part, explain the rapid rise in personal income tax revenues between 2006 and 2016, from 0.3 of GDP percent to 1.0 percent.

**Customs Duties**

Customs duties, mainly duty on imports, are a very large but declining share of total revenues. The government also imposes some customs duties on exports, but these come to less than one percent of total revenues.

**Excises**

The Government does not report excises, yet some of its supposed “non-tax revenues” include taxes on petroleum and derivatives. Hence, the reported contribution of excises to total collections is relatively minor, while that of NTR in Afghanistan is rather large partly owing to how these revenues are classified.

**Non-Tax Revenue**

NTR generally includes fees and charges on the private sector and are created by line ministries, but their collection and administration are the duty of the ARD, which has a specific office of NTR within its organization. NTR warrants attention since they amount about one-third of the GIRoA’s own domestic revenue, whereas in most of the rest of the world, NTRs represent a much lower contribution to national revenue collections.

NTR include the following categories:

- Income from the sale of capital assets,
- Sales of goods and services,
- Administrative fees including, among others, passport fees, passenger security fees, flight overflight fees, traffic fees, and “fees” related to petroleum,
- Royalties, such as for extractives,
- Fines and penalties other than fines and penalties related to taxation,
- Extractive industry,
- Fees from extractive industry,
- Miscellaneous revenue,
- Revenue collected from sources under claims, and
- Retirement contributions from government employees.

Two of these NTR categories (namely, fees from extractive industries and revenue collected from sources under claim) appear not to have provided any actual revenues to the Afghan treasury through 2016.

In addition, three other categories of revenues flowing into the treasury that are neither taxes nor included as NTR are: 1) sale of public land and buildings, 2) social contributions, and 3) other non-specified revenue. In most years, these three categories together represent a very
small share of all government revenues. However, in 2016, the sale of public land and properties was very high, at seven percent of total government revenues, but as mentioned earlier, this was a one-off not a recurrent revenue inflow.

Figure A2 shows the relative importance of these different NTRs, with “administrative fees” coming to almost half of all NTR. These data are from 2016.

Figure A2: NTR and Other Revenues, 2016, as Percentage of GDP
## Annex B: Tax Policy and Administration

### Milestones, 2003–17

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy</th>
<th>Administration</th>
</tr>
</thead>
</table>
| 2003 | Agreement with the governors of border provinces, increasing control by Afghan government over customs posts, leading to rationalized tariff regime, abolishing most export duties, and introducing a uniform exchange rate | • Legal framework for tax administration adopted, and a tax identification numbering system rolled out  
• ACD introduced Single Administrative Document (SAD) system pilot program, based on the European Union’s customs system, in five provinces: Kabul, Herat, Kandahar, Balkh, and Nangarhar |
| 2004 | • Customs regime was changed substantially when the number of import duties was reduced from 27 (ranging from 4% on clothes to 150% on cigars) to 6 (ranging from 2.5% to 16%)  
• For customs purposes, switch to using market rate for currency  
• Business receipt tax of 10% was introduced in 2004 on hotels, restaurants, telecommunications, and international airline services  
• Before 1998 individuals were subject to 21 different rates, ranging from 4% to 40%. These were reduced to three rates (i.e., 4%, 10%, and 20%) in 1998 and further reduced to two (i.e., 10% and 20%) in 2004/05  
• The corporate income tax rate was reduced from 25% to 20%  
• The business receipt tax (BRT) of 10% was introduced in 2004 on hotels, restaurants, telecommunications and international airline services | • Licensed customs brokers system introduced in Kabul  
• ARD begins processes to organize on functional grounds and to segment taxpayers  
• ARD sets up first Large Taxpayers Office (LTO), in Kabul  
• ARD introduces self-assessment (voluntary compliance) |
| 2005 | New Income Tax Law amends the 1965 law. Covers all domestic taxes, including BRT. Included important features, such as:  
• Withholding tax on wages and salaries introduced for first time  
• Tax holidays and investment tax credits were abolished, and a liberal depreciation regime and an unlimited loss carry-forward system were introduced instead | ARD deepens modernization program as follows:  
• Segmentation - Large and Medium Taxpayer Offices in Kabul  
• Establishing and developing the tax administration along functional lines in accordance with a new, comprehensive self-assessment approach  
• Improving capacity in all areas of tax administration  
ARD consolidating advances |
<p>| 2006 | Withholding tax extended to interest, royalties, or similar income distributed by a | • refinements to the legal system, |</p>
<table>
<thead>
<tr>
<th>Year</th>
<th>Policy</th>
<th>Administration</th>
</tr>
</thead>
</table>
|      | profit or nonprofit legal person registered under the Afghan laws | • consolidation and expansion of reforms to tax administration along functional lines,  
• development of revenue forecasting and analysis support |
| 2007 | Introduction of transfer pricing and anti-avoidance rules adopted | ARD establishes human resource management systems to support the recruitment, training and job development of a large cadre of tax officials in each functional area  
In 2005 ACD initiates implementation of the Automated System for Customs Data (ASYCUDA)  
ACD implements in 2007 fully compatible Harmonized System (HS Code) to ensure better function of customs and better taxation |
| 2008 | ARD consolidating advances | • refinements to the legal system,  
• consolidating and expanding reforms to the tax administration along functional lines, and  
• strengthened revenue forecasting and analysis. |
| 2009 | New Income Tax Law modifies 2005 Income Tax Law | ARD begins multiyear decentralization of reforms to major economic centers, including Herat, Balkh, Nangarhar, Kunduz, and Kandahar  
Mass media tax education campaigns were conducted following the amendment to the Income Tax Law |
| 2010 | | ARD begins SIGTAS project |
| 2011 | | ACD, with World Bank financing, initiates implementation of the ASYCUDA system. Project planned implementation to 2015 |
| 2012 | | Preparations for VAT implementation were given a good foundation, despite frustrations with delays in securing final approval to the legislation  
SIGTAS (automation) implementation has made considerable strides, and most modules are ready for rollout to zonal offices. While there have been constraints on setting up zonal offices, real progress has been made  
ARD establishes and operates a risk-based compliance strategy, and committee was formed to guide implementation. Purpose to support enforcement and voluntary compliance |
<p>| 2013 | | ARD conducts taxpayer satisfaction survey with 85% |</p>
<table>
<thead>
<tr>
<th>Year</th>
<th>Policy</th>
<th>Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>favorable results</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>New Tax Administration Law</td>
<td>The ACD ASYCUDA system covers more than 95% of international trade, including</td>
</tr>
<tr>
<td></td>
<td>Introduction of 10% tax on telecoms.</td>
<td>exportation, importation, and inland and international transit across the</td>
</tr>
<tr>
<td></td>
<td>Increase in the standard BRT rate from 2% to 4%.</td>
<td>country</td>
</tr>
<tr>
<td>2016</td>
<td>VAT law enacted, to take effect in 2020.</td>
<td>SIGTAS rolled out begins to total of eight provinces</td>
</tr>
<tr>
<td>2017</td>
<td>ARD reaches SIGTAS rollout in eight provinces</td>
<td></td>
</tr>
</tbody>
</table>
### Annex C: Economic and Fiscal Data, 2003–16

#### Economic Data

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP, constant AFS billions</td>
<td>198.7</td>
<td>200.1</td>
<td>223.7</td>
<td>235.7</td>
<td>267.2</td>
<td>277.5</td>
<td>334.6</td>
<td>362.9</td>
<td>386.4</td>
<td>440.3</td>
<td>457.7</td>
<td>463.5</td>
<td>467.0</td>
<td>476.4</td>
</tr>
<tr>
<td>GDP growth rate, %</td>
<td>8.7%</td>
<td>0.7%</td>
<td>11.8%</td>
<td>5.4%</td>
<td>13.3%</td>
<td>3.9%</td>
<td>20.6%</td>
<td>8.4%</td>
<td>6.5%</td>
<td>14.0%</td>
<td>3.9%</td>
<td>1.3%</td>
<td>0.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td>GDP, current AFS billions</td>
<td>220.0</td>
<td>246.2</td>
<td>304.9</td>
<td>345.8</td>
<td>427.5</td>
<td>517.5</td>
<td>607.2</td>
<td>711.8</td>
<td>836.2</td>
<td>1033.6</td>
<td>1116.8</td>
<td>1167.9</td>
<td>1203.7</td>
<td>1281.7</td>
</tr>
<tr>
<td>GDP growth rate, %</td>
<td>220.0</td>
<td>246.2</td>
<td>304.9</td>
<td>345.8</td>
<td>427.5</td>
<td>517.5</td>
<td>607.2</td>
<td>711.8</td>
<td>836.2</td>
<td>1033.6</td>
<td>1116.8</td>
<td>1167.9</td>
<td>1203.7</td>
<td>1281.7</td>
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<td>607.2</td>
<td>711.8</td>
<td>836.2</td>
<td>1033.6</td>
<td>1116.8</td>
<td>1167.9</td>
<td>1203.7</td>
<td>1281.7</td>
</tr>
<tr>
<td>GDP, current AFS billions</td>
<td>220.0</td>
<td>246.2</td>
<td>304.9</td>
<td>345.8</td>
<td>427.5</td>
<td>517.5</td>
<td>607.2</td>
<td>711.8</td>
<td>836.2</td>
<td>1033.6</td>
<td>1116.8</td>
<td>1167.9</td>
<td>1203.7</td>
<td>1281.7</td>
</tr>
<tr>
<td>GDP, current $ billions</td>
<td>4.6</td>
<td>5.3</td>
<td>6.3</td>
<td>7.1</td>
<td>9.8</td>
<td>10.2</td>
<td>12.5</td>
<td>15.9</td>
<td>17.9</td>
<td>20.5</td>
<td>20.0</td>
<td>19.3</td>
<td>19.9</td>
<td></td>
</tr>
<tr>
<td>GDP per capita, current $</td>
<td>203.7</td>
<td>224.9</td>
<td>257.2</td>
<td>280.2</td>
<td>380.4</td>
<td>384.1</td>
<td>459.0</td>
<td>569.9</td>
<td>622.4</td>
<td>690.8</td>
<td>653.3</td>
<td>633.9</td>
<td>594.3</td>
<td>594.3</td>
</tr>
<tr>
<td>Population (millions)</td>
<td>22.5</td>
<td>23.5</td>
<td>24.4</td>
<td>25.2</td>
<td>25.9</td>
<td>26.5</td>
<td>27.2</td>
<td>28.0</td>
<td>28.8</td>
<td>29.7</td>
<td>30.7</td>
<td>31.6</td>
<td>32.5</td>
<td>33.5</td>
</tr>
<tr>
<td>Imports, % GDP</td>
<td>94.3</td>
<td>87.1</td>
<td>77.5</td>
<td>74.1</td>
<td>58.4</td>
<td>55.1</td>
<td>42.2</td>
<td>44.9</td>
<td>44.2</td>
<td>39.1</td>
<td>49.8</td>
<td>46.2</td>
<td>49.8</td>
<td>49.8</td>
</tr>
<tr>
<td>Household consumption, % GDP</td>
<td>135.7</td>
<td>130.5</td>
<td>125.8</td>
<td>120.2</td>
<td>119.5</td>
<td>123.3</td>
<td>109.9</td>
<td>111.4</td>
<td>103.7</td>
<td>96.2</td>
<td>92.2</td>
<td>92.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net ODA, % GNI</td>
<td>34.8</td>
<td>43.7</td>
<td>45.1</td>
<td>41.7</td>
<td>50.3</td>
<td>47.6</td>
<td>49.7</td>
<td>40.5</td>
<td>37.9</td>
<td>32.0</td>
<td>25.3</td>
<td>24.4</td>
<td>21.7</td>
<td></td>
</tr>
</tbody>
</table>

#### Tax, non-tax, and Social Security Revenue

Percent of GDP

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax plus non-tax revenue</td>
<td>4.2</td>
<td>4.7</td>
<td>5.6</td>
<td>9.3</td>
<td>7.9</td>
<td>8.8</td>
<td>10.5</td>
<td>11.3</td>
<td>11.9</td>
<td>7.9</td>
<td>9.8</td>
<td>8.6</td>
<td>10.2</td>
<td>12.0</td>
</tr>
<tr>
<td>Total tax revenue, % GDP</td>
<td>2.5</td>
<td>3.6</td>
<td>3.8</td>
<td>7.2</td>
<td>6.0</td>
<td>6.0</td>
<td>8.5</td>
<td>9.3</td>
<td>9.0</td>
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### Non-Tax Revenue

#### Percent of GDP

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#### Revenue System Performance Data

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* = not available

**Sources:** The following sources were used to develop this table.
- Economic and social indicators: World Development Indicators, World Bank.
2016 Population and GDP per capita: both extrapolated by author.
CITPROD and PITPROD: calculated by author.
Gifts, defined as percent of persons expecting to provide a gift to a tax official in a meeting: World Development Indicators, World Bank.