

AFGHANISTAN EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE

4TH RECONCILIATION SUMMARY REPORT



4th of February 2016

FISCAL YEARS 2012 - 2013

This document is a Summarized version of the 4th Afghanistan Extractive Industries Transparency Initiative Reconciliation report which includes reconciliation of the payments and revenue of the extractive sector in 2012 and 2013 fiscal years. The reports also includes contextual information on the extractive sector in Afghanistan and recommendations for reform in the sector.

Afghanistan Extractive Industries Transparency Initiative
4th Reconciliation Summary Report

FISCAL YEARS 2012 - 2013

EXECUTIVE SUMMARY

Afghanistan is a country in transition. There are many initiatives in train to develop capacity throughout the country. For example, the mining cadaster is undergoing review and re-organization; the Supreme Audit Office, which has been re-admitted to international audit institutions, is rebuilding the capacity of its staff with a project funded by the World Bank whereby an international firm of accountants and auditors is providing technical support to enable the SAO¹ to carry out audit functions in accordance with international auditing standards; and the implementation of EITI provides a further area of focus for development of institutions in the country.

Consequently, at the present time the country faces a number of difficult challenges to meet the requirements of the EITI² Standard. The security background means that central government is hampered in its ability to manage and enforce revenue collection in accordance with its laws. The value of revenues collected at a sub-national level – both on behalf of central government and for subnational government – is hard to assess. There are numerous reports of local “authorities” collecting their own revenues without reference to national legislation. Levels of computerization throughout the country, including in central government departments, are low and internet penetration is low.

There are no accountancy bodies in the country and no requirements that company accounts are subject to independent audit, and there is a very limited accounting and audit profession in Afghanistan, due to an acute shortage of qualified professionals. There is no recognized body that represents the profession in Afghanistan and no established standard setting body for accounting or auditing, as such there are no enforceable accounting or auditing standards for the private sector.

Against this background, the preparation of an EITI report under the EITI Standard is demanding. All this said, production of the current report has been useful as a means of identifying what can be done and areas where further work is required; the willingness of stakeholders to participate in the process has been encouraging. The implementation of EITI is important institutionally both to identify and explore areas which may need attention and also to provide an accountable focus for making improvements in governance and transparency.

¹ Supreme Audit Office

² Extractive Industries Transparency Initiative

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EXTRACTIVE INDUSTRY OVERVIEW IN AFGHANISTAN

Afghanistan has extensive mineral deposits and potential for oil and gas production. Due to political conflict, economic instability and inadequate infrastructure, the extractive industries are relatively under-developed. In recent years, the country has seen increasing investor's interest in exploration and development of the natural resources. The Afghanistan Geological Survey has identified six major metals and minerals opportunities in the country – copper, iron-ore, rare-earth metals, gold, gemstones and marble. Deposits have been estimated to be worth over US \$ 1 trillion.

Most gemstone mining is artisanal. Operations are small-scale and output is supplied mainly to local and regional markets. Globally significant deposits include the copper deposit in Aynak, Logar province and iron-ore in Hajigak, Bamyam province. Consortiums of Chinese and Indian companies have signed contracts to develop these mines. Developing transport infrastructure that would link deposits to global markets remains a challenge. Governance challenges, as well as the security situation, pose additional hindrance to the development of the sector.

Afghanistan has a wide range of natural resources. It has several potential hydrocarbon sites in the North and the South of the country. Its minerals include a range of metals both ferrous and non-ferrous, and some strategic metals which may give Afghanistan an advantage in attracting international investment. Platinum, gold, silver, copper, iron, chromite, tantalum, uranium and aluminum have serious potential for economic exploitation. The country also has massive deposits of dimension stone ranges including rare white, orange and green onyx stones among over 60 other varieties. Afghanistan is home to a blue stone which was discovered in Badakhashan by German Geologists and it was named Afghanite. Afghanistan's emeralds, rubies, spinal, tourmaline, aquamarine, amities, some versions of sapphires, Turquoise and the royal blue Lapis lazuli have charmed the gemstone markets and dealers alike.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debate, and enhance trust. In each implementing country it is supported by a coalition of governments, companies and civil society working together.



Government revenue and company payments are disclosed together with other information about the extractive sector.

The findings are communicated to create public awareness and debate about how the country should manage its resources.



Natural resources, such as oil, gas, metals and minerals, belong to a country's citizens. Extraction of these resources can lead to economic growth and social development. EITI promotes greater transparency around how a country manages its natural resource wealth to ensure that these resources can benefit all citizens.



Implementation of the EITI in Afghanistan brings these benefits:

- Greater transparency in management of the extractive sectors, resulting in increased understanding of the process by civil society and other stakeholders
- Strengthened government accountability
- Improved revenue collection
- Promotion of greater economic stability
- Improved investment climate



AFGHANISTAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

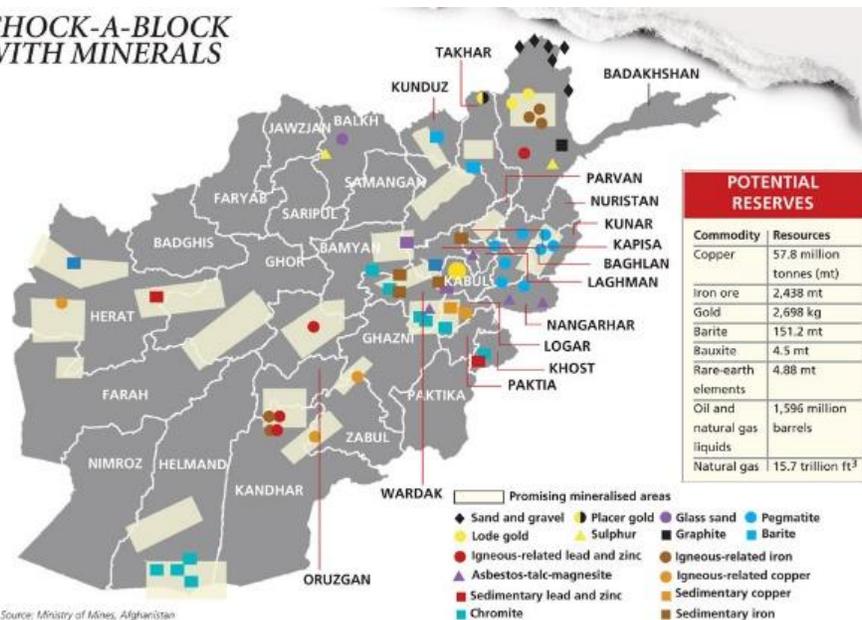
Afghanistan is considered to have extensive mineral potential, with recent estimates putting the value of the country’s mineral resources at USD 3 trillion, and some parties suggesting they may be worth USD 30 trillion.

These estimates refer mainly to the value of minerals in the ground, and there would be much to be done to realize their value for the country – e.g. development of infrastructure to link mines to global markets. The Ministry of Mines for Afghanistan has stated that based on the Government of Afghanistan’s present economic plan, the annual income of Afghanistan from mining could increase to USD 3.5 billion within the next 15 years.

If this potential can be realized, dependence on grants from international donors can be reduced and the prosperity of Afghanistan’s population will improve.

Afghanistan announced its intent to implement the EITI in March 2009, and became an EITI Candidate country on 10th of February 2010.

CHOCK-A-BLOCK WITH MINERALS



On 16 March 2009 the Government of Islamic Republic of Afghanistan (GOIRA) announced its endorsement of the principles of EITI, after which all remaining EITI sign-up indicators were entirely implemented to become EITI candidate country that was officially endorsed by the International EITI Board at its meeting in Oslo in February 2010. GOIRA has requested that the donor community provides immediate technical and financial support to develop good governance and accountability mechanisms in

Extractive Industries Sector via effective EITI implementation process in Afghanistan. For this purpose the AEITI (Afghanistan Extractive Industries Transparency Initiative) Secretariat was established within the Ministry of Finance in July 2010 to take the lead of EITI implementation in Afghanistan.

Implementing the EITI will bring significant benefits to public financial management, improve the investment environment and manage the potential risk of conflict due to dissatisfaction over sharing of wealth between the Government and resource owners.

Under the EITI, the public can access information on government earnings through tax and payment of royalties. This means that the tax and the royalty payments are independently verified and reconciled by

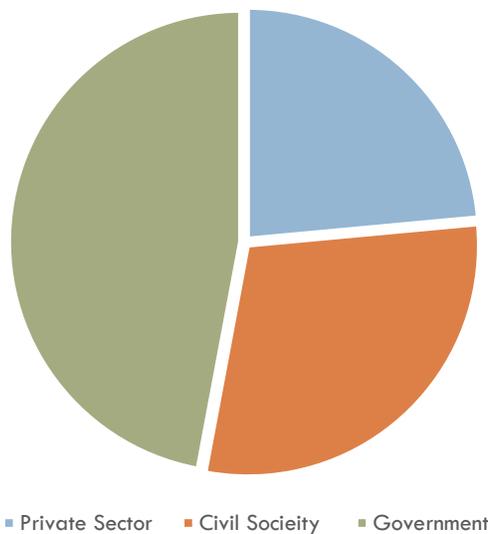
a Multi-stakeholder group that includes representatives from the government, extractive industry and the civil society.

MSG³ functions as a main decision-making body, while AEITI is providing technical and administrative support to apply and implement their decisions. Afghanistan MSG is chaired by a high profile government official.

In Afghanistan, the members of the multi stakeholder group are:

Private Sector	Civil Societies	Government
MCC JCL Aynak Minerals Company Ltd. (MJAM)	Integrity Watch Afghanistan (IWA)	Minister of Finance
	Humanitarian Organization for Local Development (HOLD)	Minister of Mines and Petroleum
China National Petroleum Corporation International (CNPCIW)		Director General Revenue - MoF
	The Welfare Association for the Development of Afghanistan (WADAN)	Director General Customs - MoF
Brotheran Khoshak	Afghanistan Civil Society Forum (ACSF)	Director Admin/Finance - MoTCA
		Director Policy - MoMP
Afghanistan Chamber of Commerce and Industries (ACCI)	Human Rights Research and Advocacy Consortium (HRRAC)	Director Cadaster - MoMP
		Deputy Minister Admin/Finance - MoMP

Multi-Stakeholder Group



³ Multi-Stakeholder Group

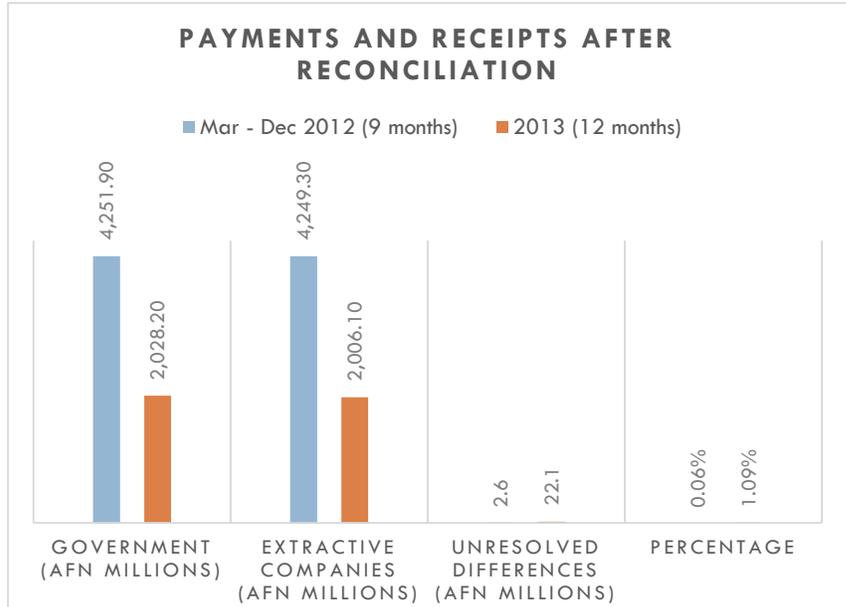
AEITI REPORT 2012-2013

The EITI Report contains information relating to 2012 and 2013 on tax payments, licenses, contracts, production and other key elements around resource extraction.

The Afghan fiscal period 1391 runs for 9 months from 20th March 2012 to 20th December 2012. The Afghan fiscal period 1392 runs for 12 months from 21st December 2012 to 20th December 2013. For ease of reference, these are referred to throughout the report as

- 1391 (Mar-Dec 2012); and
- 1392 (2013)

An important element is an independent reconciliation of payments made to Government declared by extractive industries companies with the corresponding receipts declared by government. In other words, the amounts companies say they paid to government in 2012 and 2013 were compared with the amounts government said was received from companies. The exercise was carried out by an independent accounting firm called the EITI Administrator.



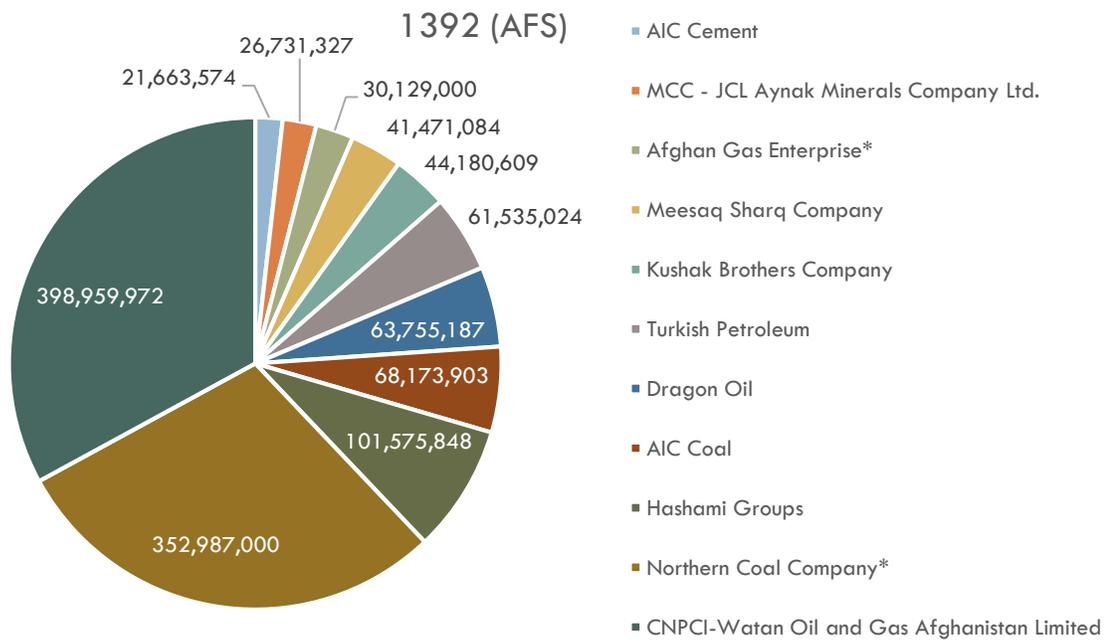
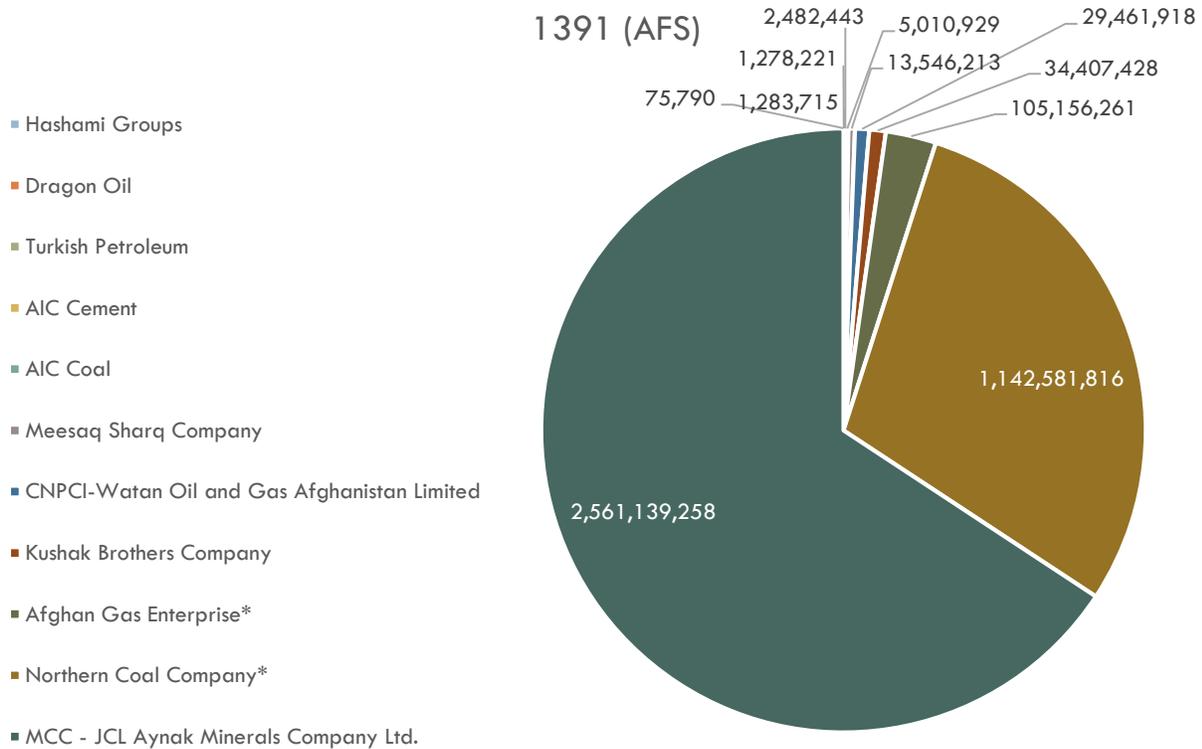
GOVERNMENT ENTITIES WHICH PARTICIPATED IN AEITI REPORT 2012 – 2013

The government ministries receiving the flows selected by the MSG for inclusion in the report were:

 <p>Ministry of Finance Islamic Republic of Afghanistan</p>	Revenue Department	Large Tax Payers Office
		Medium Tax Payers Office
		Small Tax Payers Office
	State Owned Enterprises Department	
	Customs Department	
 <p>Ministry of Mines and Petroleum Islamic Republic of Afghanistan</p>	Revenue Department	
	Cadaster Department	
Sub national government entities were not asked to report receipts.		

PRIVATE ENTITIES WHICH PARTICIPATED IN AEITI REPORT 2012 – 2013

The MSG selected companies based on information provided by Ministry of Mines and Petroleum and Ministry of Finance on receipts from the sector.



* State Owned Enterprises

WHAT WAS REPORTED IN AEITI REPORT 2012 – 2013

The companies and government entities completed reporting templates showing the amounts respectively paid and received in respect of the material flows selected by the MSG from the mining and oil/gas sector, namely:

Payable to Ministry of Finance		
Payment type	Governing law/ contract	Description
Income tax	Income Tax Law 2009	The tax imposed on the income from Afghan sources of all persons, corporations, limited liability companies, and other entities whether in Afghanistan or abroad, and on the foreign income of residents of Afghanistan in accordance with this law and its regulations. The percentage of Income tax to be paid is 20%.
Business Receipt Tax	Income Tax Law 2009	Business receipts tax is a tax which is imposed on total gross income (sales) before any deduction according to the rates prescribed by Article 66 of this Law. Article 66 sets a rate of 2% BRT, imposed on gross receipts of all types of income of corporations and limited liability companies and individuals whose monthly income is more than AFS 750,000 (Article 66) In addition, persons who import goods shall be subject to two percent business receipts tax on the cost price of the imported goods including custom duty. The business receipts tax will be treated as an advance payment for business receipts tax payable.
Withholding tax	Income Tax Law 2009	Profit or non-profit legal persons formed under the laws of Afghanistan shall be required to withhold income tax as follows: Twenty percent tax from interest, dividends, royalties, prizes, rewards, lotteries, bakhshishis (gratuities), bonuses, and service charges according to the provisions of this Law.
Salary Withholding	Income Tax Law 2009	Legal persons and natural persons (individuals) with two or more employees during any month of the tax year are required to withhold tax from employees whose income exceeds the threshold set out in the law,
Withholding tax on rents	Income Tax Law 2009	The prepayment of landlords' income tax. The legal entities conducting business in the territory of Afghanistan at the rented property are required to withhold this tax. The landlord is responsible for reporting rental income in his annual income tax declaration and paying tax annually at appropriate rates depending on entity type. Payments of rent for buildings and houses which are rented to legal entities or individuals and are used for business purposes or offices where the monthly rent is more than 15,000 Afghanis are subject to a 20% income tax.
Withholding tax on contractors	Income Tax Law 2009	According to Article 72, entities and individuals providing supplies, materials and services and conducting construction under contract are subject to a fixed tax of 7% (if they do not hold a business license) or 2% (if they hold a business license). The tax is withheld from the amount payable to the contractor and paid over to the Revenue Service by the company to which the services have been provided.
Withholding tax on other items	Income Tax Law 2009	The Income Tax law provides that income tax is to be withheld at the rate of twenty percent from interest, dividends, royalties, prizes, rewards, lotteries, bakhshishis (gratuities), bonuses, and service charges.
Fixed tax on imports	Income Tax Law 2009	Persons who import goods and have a business license shall be subject to two percent fixed tax on the total cost, including custom duties, of the goods imported. The tax paid shall be allowed as a credit in the calculation of the person's annual income tax assessment in accordance with the provisions of this Law. Persons who import goods without having a business license are subject to three percent fixed tax on the total cost, including customs duties, of the goods imported in lieu of income tax. Persons who import goods and have an interim business license but do not file their returns of income to the Ministry of Finance are subject to three percent fixed tax on the total cost, including customs duties, of goods imported in lieu of income tax. The tax is paid at the customs house where customs duties on the goods are paid
Penalties and additional assessments	Income Tax Law 2009	Chapter 16 of the Income Tax Law 2009 provides for additional taxes and tax penalties when taxpayers fail to meet their obligations under the tax law. These additions to tax are for failure to file a tax return on time, failure to pay the tax on time, failure to maintain adequate books and records, failure to withhold tax when required, and failure to obtain a Taxpayer Identification Number (TIN).

Payable to Ministry of Mines and Petroleum		
Payment type	Governing law/ contract	Description
Royalty	Mineral Law 2005	Royalty, also known as private sector taxes, is a payment for the use of natural resources. Royalties are collected by the MOMP and paid to the State Treasury. Royalties shall be paid in USD or such other currency as may be mutually agreed.
Surface fee	Mineral Law 2005	Surface fees are collected by the Mining Cadaster and paid to the State Treasury. "Surface Rent" means the fees of the demarcated area of the Mining Contract, the payment conditions & duration of which shall be established in the mining regulations.
Surface rentals	Hydrocarbons Law	(1) Contractors shall pay surface rentals for the land used by them to the owner or occupier of the contract area. (2) The rental per hectare of land shall be specified in the Hydrocarbon Regulations.
	Amu Darya PSC	Payable at defined rates relating to the surface area of the concession
License Fee	Mineral Law 2005	The fees paid to government for the commencement of exploration or retention of a license or concession, or for the leasing of license or concession area.
Permitting Fee	Mining Regulations*	The entities should pay a permitting fee if they perform exploitation activities. It should be conducted in accordance with existing geological maps & not proceed without legally required permits and certifications issued by the relevant government authorities that include but are not limited to environment, social protection and health and safety.
Bid Fee	Mining Regulations*	Mineral rights are obtained through a bidding process and, as of law, the bidding procedures, duration, the terms and conditions, and other related issues of bids shall be provided in the approval of the authorized body. The bidder, either personally or through its duly authorized representative, can request for an exploitation license application which shall be accepted only upon payment of the required bid fees and bid bonds to the MOMP.
Bid and other security	Mining Regulations*	A bond or security may be required to accompany a bid (e.g. in support of the Exploration Work Program), forfeited if the bid is withdrawn, or if other conditions of the license/PSC are not met
Penalties and fines	Mineral Law 2005 Mining Regulations	Penalties and fines may be levied for various matters. The Minerals Law empowers the Mining Inspectorate to issue penalties and fines under the law. The Mining Regulations 2010 includes provision for fines for <ul style="list-style-type: none"> • failure to make a royalty return on time, • making false statements in connection with a license application, • processing minerals without a license, • undertaking a survey or exploration without a license, • violation of license terms, • violation of environmental regulations Penalties/fees for overproduction were reported by both government and companies in the Third Report; however, we did not find any specific reference in the legislation to this item and after discussion with MOMP and companies, it was concluded that these amounts were in fact part of royalty payments.

SUMMARY OF RESULTS

The amounts reported and the results of the reconciliation are set out on the following pages. The results are analyzed in two tables:

- a) By reporting company
- b) By type of payment

Summary of flows - by company								
Afghanistan, 1391 (March - December 2012)								
No. Cash Flow Stream	1391 Template originally lodged			Adjustments		1391 Final reconciliation		
	Government	Companies	Difference	Government	Companies	Government	Companies	Difference
	AFS	AFS	AFS	AFS	AFS	AFS	AFS	AFS
1 Northern Coal Enterprise	1,287,233,018	1,505,352,324	(218,119,306)	218,119,306	-	1,505,352,324	1,505,352,324	-
2 Afghan Gas Enterprise	40,029,105	55,935,838	(15,906,733)	10,000,000	-	50,029,105	55,935,838	(5,906,733)
3 MMC - JCL Aynak Minerals Company Ltd.	2,561,417,900	2,553,148,143	8,269,757	74,938	6,089,340	2,561,492,838	2,559,237,483	2,255,355
4 CNPCI Watan Oil and Gas Afghanistan Ltd.	69,757,713	85,291,671	(15,533,958)	15,533,958	-	85,291,671	85,291,671	-
5 Kushak Brothers Company	21,726,124	16,452,045	5,274,079	-	5,019,500	21,726,124	21,471,545	254,579
6 Hashimy Group	75,790	-	75,790	-	-	75,790	-	75,790
7 TP Afghanistan Ltd	1,283,715	-	1,283,715	-	-	1,283,715	-	1,283,715
8 Dragon Oil (Sanduqli) Limited	1,278,221	-	1,278,221	-	-	1,278,221	-	1,278,221
9 Mesaq - e - Sharq Company	13,044,516	13,454,316	(409,800)	409,800	-	13,454,316	13,454,316	-
10 Afghanistan Coal LLC	1,463,701	1,509,519	(45,818)	-	-	1,463,701	1,509,519	(45,818)
11 Afghanistan Cement LLC	10,443,336	7,085,517	3,357,819	-	-	10,443,336	7,085,517	3,357,819
12 Dragon Oil (Mazar - i - Sharif) Limited	-	-	-	-	-	-	-	-
Total	4,007,753,139	4,238,229,373	(230,476,234)	244,138,002	11,108,840	4,251,891,141	4,249,338,213	2,552,928

Summary of flows - by company									
Afghanistan, 1392 (January - December 2013)									
No.	Cash Flow Stream	1392 Template originally lodged			Adjustments		1392 Final reconciliation		
		Government	Companies	Difference	Government	Companies	Government	Companies	Difference
		AFS	AFS	AFS	AFS	AFS	AFS	AFS	AFS
1	Northern Coal Enterprise	480,000,000	1,207,500,000	(727,500,000)	727,500,000	-	1,207,500,000	1,207,500,000	-
2	Afghan Gas Enterprise	18,644,226	76,711,500	(58,067,274)	50,352,331	1,341,523	68,996,557	78,053,023	(9,056,466)
3	MMC - JCL Aynak Minerals Company Ltd.	32,086,256	30,833,585	1,252,671	-	1,338,729	32,086,256	32,172,314	(86,058)
4	CNPCI Watan Oil and Gas Afghanistan Ltd.	363,985,402	345,668,810	18,316,592	3,150,545	22,200,974	367,135,947	367,869,784	(733,837)
5	Kushak Brothers Company	44,329,391	41,039,678	3,289,713	2,433,677	524,390	46,763,068	41,564,068	5,199,000
6	Hashimy Group	37,383,200	38,077,970	(694,770)	10,985,000	(382,880)	48,368,200	37,695,090	10,673,110
7	TP Afghanistan Ltd	61,535,024	61,535,024	-	-	-	61,535,024	61,535,024	-
8	Dragon Oil (Sanduqli) Limited	63,755,187	46,061,122	17,694,065	-	-	63,755,187	46,061,122	17,694,065
9	Mesaq - e - Sharq Company	40,987,897	40,987,753	144	69,193	69,337	41,057,090	41,057,090	-
10	Afghanistan Coal LLC	55,423,497	57,878,388	(2,454,891)	1,232,185	-	56,655,682	57,878,388	(1,222,706)
11	Afghanistan Cement LLC	32,843,675	34,677,635	(1,833,960)	1,479,913	-	34,323,588	34,677,635	(354,047)
12	Dragon Oil (Mazar - i - Sharif) Limited	-	-	-	-	-	-	-	-
	Total	1,230,973,755	1,980,971,465	(749,997,710)	797,202,844	25,092,073	2,028,176,599	2,006,063,538	22,113,061

Summary of flows - all companies

Afghanistan, 1391 (March - December 2012)

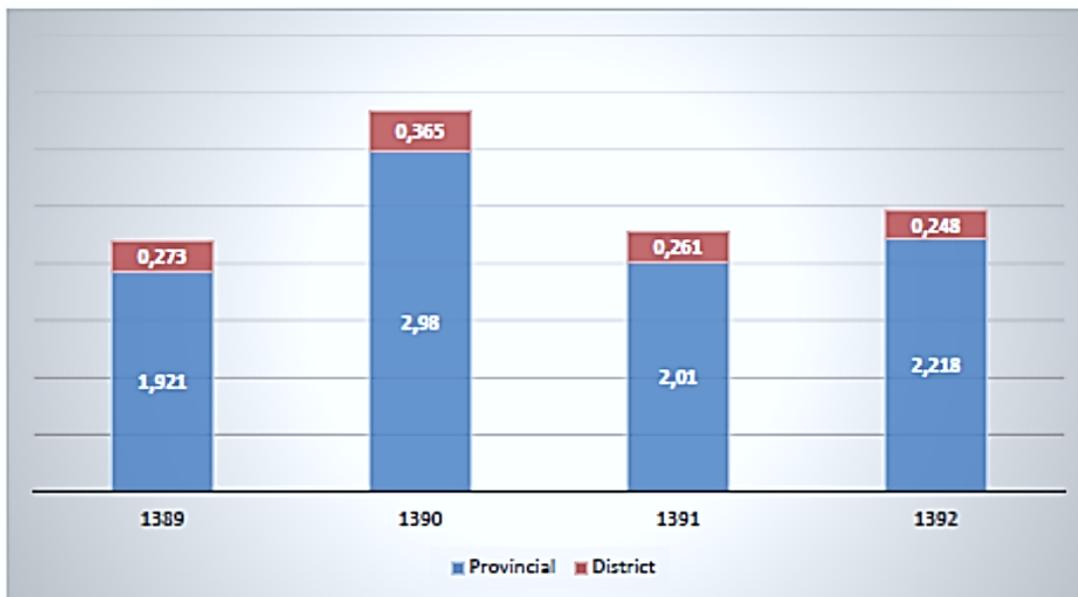
No.	Cash Flow Stream	1391 Template originally lodged			Adjustments		1391 Final reconciliation			
		Government	Companies	Difference	Government	Companies	Government	Companies	Difference	
		AFS	AFS	AFS	AFS	AFS	AFS	AFS	AFS	
1	Income Tax	-	250,165,801	(250,165,801)	35,207	(250,130,594)	35,207	35,207	-	
2	Business Receipt Tax	1,326,230,840	44,143,567	1,282,087,273	372,877	1,282,970,202	1,326,603,717	1,327,113,769	(510,052)	
3	Withholding on salary	93,496,667	104,346,367	(10,849,700)	15,320,519	4,576,307	108,817,186	108,922,674	(105,488)	
4	Withholding tax on Rent	2,572,985	3,769,874	(1,196,889)	1,039,992	(144,522)	3,612,977	3,625,352	(12,375)	
5	Withholding tax on contract	37,661,593	34,728,400	2,933,193	1,602,425	4,449,622	39,264,018	39,178,022	85,996	
6	Withholding Tax-Other items	-	27,949,117	(27,949,117)	-	(23,574,087)	-	4,375,030	(4,375,030)	
7	Penalties	-	-	-	-	-	-	-	-	
8	Other(transferable share, shares,others)	-	1,237,824,570	(1,237,824,570)	225,766,982	(1,012,057,588)	225,766,982	225,766,982	-	
	Sub-total	Tax	1,459,962,085	1,702,927,696	(242,965,611)	244,138,002	6,089,340	1,704,100,087	1,709,017,036	(4,916,949)
12	Royalties	37,163,158	29,815,611	7,347,547	-	5,000,000	37,163,158	34,815,611	2,347,547	
13	Premium and Bonuses	2,500,498,750	2,500,498,750	-	-	-	2,500,498,750	2,500,498,750	-	
14	Bid Fees	2,612,396	-	2,612,396	-	-	2,612,396	-	2,612,396	
15	Penalties and Fines	-	-	-	-	-	-	-	-	
16	Land Fees	1,000,000	1,000,000	-	-	-	1,000,000	1,000,000	-	
17	Licence Fees	-	-	-	-	-	-	-	-	
18	permitting Fees	-	-	-	-	-	-	-	-	
19	Bid and other securities	-	-	-	-	-	-	-	-	
20	Lease of Government Land	240,816	299,316	(58,500)	-	(58,500)	240,816	240,816	-	
21	Rent of Government Buildings	78,000	-	78,000	-	78,000	78,000	78,000	-	
22	Misc. Revenues	-	-	-	-	-	-	-	-	
	Sub-total	MOMP	2,541,593,120	2,531,613,677	9,979,443	-	5,019,500	2,541,593,120	2,536,633,177	4,959,943
23	Imports Duties	1,773,011	-	1,773,011	-	-	1,773,011	-	1,773,011	
24	BRT	370,340	-	370,340	-	173,061	370,340	173,061	197,279	
25	Fixed Tax on imports	3,788,255	3,405,803	382,452	-	(173,061)	3,788,255	3,232,742	555,513	
26	Other Receipts	266,328	282,197	(15,869)	-	-	266,328	282,197	(15,869)	
	Sub-total	Customs	6,197,934	3,688,000	2,509,934	-	-	6,197,934	3,688,000	2,509,934
	Total		4,007,753,139	4,238,229,373	(230,476,234)	244,138,002	11,108,840	4,251,891,141	4,249,338,213	2,552,928

Summary of flows - all companies										
Afghanistan, 1392 (January - December 2013)										
No.	Cash Flow Stream		1392 Template originally lodged			Adjustments		1392 Final reconciliation		
			Government	Companies	Difference	Government	Companies	Government	Companies	Difference
			AFS	AFS	AFS	AFS	AFS	AFS	AFS	AFS
1	Income Tax		65,668,387	333,790,140	(268,121,753)	-	(267,445,341)	65,668,387	66,344,799	(676,412)
2	Business Receipt Tax		172,394,851	61,033,303	111,361,548	2,146,366	115,056,188	174,541,217	176,089,491	(1,548,274)
3	Withholding on salary		385,342,443	104,608,062	280,734,381	9,150,545	290,411,236	394,492,988	395,019,298	(526,310)
4	Withholding tax on Rent		2,843,525	2,717,862	125,663	-	1,925	2,843,525	2,719,787	123,738
5	Withholding tax on contract		108,773,393	96,505,411	12,267,982	1,500,000	14,627,437	110,273,393	111,132,848	(859,455)
6	Withholding Tax-Other items		-	18,100,800	(18,100,800)	-	(11,633,204)	-	6,467,596	(6,467,596)
7	Penalties		1,024,771	590,738	434,033	-	434,033	1,024,771	1,024,771	-
8	Other(transferable share, shares,others)		-	886,759,512	(886,759,512)	770,352,331	(116,407,181)	770,352,331	770,352,331	-
9	Other		46,980	-	46,980	-	46,980	46,980	46,980	-
	Sub-total	Tax	736,094,350	1,504,105,828	(768,011,478)	783,149,242	25,092,073	1,519,243,592	1,529,197,901	(9,954,309)
12	Royalties		251,663,335	263,044,812	(11,381,477)	11,545,669	1,568,068	263,209,004	264,612,880	(1,403,876)
13	Premium and Bonuses		91,786,264	91,786,264	-	-	-	91,786,264	91,786,264	-
14	Bid Fees		113,610	-	113,610	-	-	113,610	-	113,610
15	Penalties and Fines		-	-	-	-	-	-	-	-
16	Land Fees		135,214,636	108,562,172	26,652,464	2,507,933	11,466,332	137,722,569	120,028,504	17,694,065
17	Licence Fees		-	2,500	(2,500)	-	-	-	2,500	(2,500)
18	Permitting Fees		-	-	-	-	-	-	-	-
19	Bid and other securities		15,761,000	-	15,761,000	-	-	15,761,000	-	15,761,000
20	Lease of Government Land		262,560	340,560	(78,000)	-	(78,000)	262,560	262,560	-
21	Rent of Government Buildings		78,000	-	78,000	-	78,000	78,000	78,000	-
22	Misc. Revenues		-	13,034,400	(13,034,400)	-	(13,034,400)	-	-	-
	Sub-total	MOMP	494,879,405	476,770,708	18,108,697	14,053,602	-	508,933,007	476,770,708	32,162,299
23	Imports Duties		-	-	-	-	-	-	-	-
24	BRT		-	-	-	-	-	-	-	-
25	Fixed Tax on imports		-	93,615	(93,615)	-	-	-	93,615	(93,615)
26	Other Receipts		-	1,314	(1,314)	-	-	-	1,314	(1,314)
27			-	-	-	-	-	-	-	-
	Sub-total	Customs	-	94,929	(94,929)	-	-	-	94,929	(94,929)
	Total		1,230,973,755	1,980,971,465	(749,997,710)	797,202,844	25,092,073	2,028,176,599	2,006,063,538	22,113,061

SUB NATIONAL FLOWS

Revenues to sub national government bodies were not included in the current report on the assumption that where extractive companies are making payments to municipalities, such payments will not be industry specific in the same way as, for example, royalties or signature bonuses. This area is to be reviewed in the future.

Flows to sub national government were assessed in a separate report, which showed:



Revenues generated by the provincial capitals and district municipalities 1389-92 in billion AFN as reported to GDMA.

OTHER INFORMATION IN THE FOURTH AEITI REPORT?

Information on the extractive industries in Afghanistan

The report contains detailed information on

- Artisanal and Small Mining Sector in Afghanistan and its potential in contribution to Afghanistan economy
- Oil, gas and minerals deposits in Afghanistan;
- Contribution of the extractive sector to the economy
- Oil and gas in Afghanistan
- Overview of legislation
- Production figures
- The companies which are licensed to exploit Afghanistan's minerals
- Government institutions with responsibility for the sector
- The process for award of licenses, and the types of licenses granted
- Types of revenue received by the Government from the sector
- State owned enterprises

The extractive sector is an important part of Afghanistan's economy - nationally, 8% of Afghanistan's employed population was working in construction, mining, and quarrying between 2007 and 2008.

The World Bank projects that the Aynak mine could create 4,500 direct jobs, 7,600 indirect jobs, and 62,500 induced jobs, once operations reach the projected capacity of 250,000 tons of copper each year; and suggests that the Hajigak project will have a similar impact upon employment. Equally, artisanal and small scale mining provides a livelihood for many people in Afghanistan, especially gemstone mining, and the main report devotes a chapter to research recently carried out in this area.

Recommendations for improvements

One of the benefits of EITI is that there is a review of the operation and management of the oil, gas and mining sector. The 2012-2013 EITI Report makes a number of recommendations for improvements, which the AEITI MSG will consider and take forward. The main recommendations are:

1. All reporting entities – both companies and government – should improve their systems for keeping records of transactions.
2. The responsibilities for revenue collection within the Ministry of Finance are not clear and require clarification and re-organization.
3. MOMP and MOF should introduce computerized accounting information systems.
4. MOMP should conclude its upgrade of the license register and should make the information readily available to the public.
5. The Supreme Audit Office should be strengthened.

The government should introduce legislation requiring larger companies to produce regular accounts independently audited under international standards.

The full report and its Appendices are available at <http://aeiti.af/en/documents/category/reconciliation-reports>



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