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**Afghanistan**

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# 1 Fact Sheet

Facts and figures as presented are correct as at 16 August 2017.

## Geography

Location:	Southern Asia
Area:	652,230km <sup>2</sup>
Land boundaries:	China, Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan
Coastline:	None
Climate:	Arid to semiarid; cold winters and hot summers
Terrain:	Mostly rugged mountains; plains in the north and southwest
Time zone:	GMT +4.5

## People

Population:	28.60 million (2016)
Religion:	Muslim 99.7%, other 0.3% (2009 estimates)
Language:	Dari (Afghan Persian) and Pashto are the official languages

## Government

Country name:	Islamic Republic of Afghanistan
Government type:	Presidential Islamic Republic
Capital:	Kabul
Administrative divisions:	There are 34 provinces

## Political situation

The bicameral National Assembly consists of the House of Elders (Meshrano Jirga) with 102 seats and the House of People (Wolesi Jirga) with a maximum of 250 seats. The Head of State and the Head of Government is the President, who is elected by direct vote for a term of five years. The cabinet ministers are appointed by the President and approved by the National Assembly.

## Economy

GDP – per capita:	US\$562 (2016)
GDP – real growth rate:	2.2% (2016)
Labour force:	10.32 million (2016)
Unemployment:	8.5% (2016)
Currency (code):	Afghan Afghani (AFN)



## 2 Business Entities and Accounting

Business forms available in Afghanistan include limited liability companies, corporations, partnerships, branches, and sole proprietorships.

Limited liability companies, corporations, and partnerships are required to be registered with the Afghanistan Central Business Registry (ACBR). A business licence from the Afghanistan Investment Support Agency (AISA) is generally required in order to undertake business activities in Afghanistan. The business licence must be renewed annually.

### 2.1 Companies

#### 2.1.1 Limited liability companies

A limited liability company may be formed by two or more persons. The maximum number of members is 50. The liability of members is generally limited to their agreed capital contribution.

A limited liability company may not have its shares purchased or sold on a public stock exchange.

A limited liability company is required to appoint a board of directors to regulate and direct the company's affairs. The board of directors may have one or more members as determined by the company's articles of incorporation or by-laws. A board of supervisors with at least two members should also be appointed (unless the company's articles of incorporation or by-laws state otherwise).

#### 2.1.2 Corporations

A corporation may be incorporated by one or more persons. The capital of the corporation is divided into shares. The liability of shareholders is generally limited to the value of their share.

A corporation is required to appoint a board of directors to regulate and direct the corporation's affairs. The board of directors may have one or more members as determined by the corporation's articles of incorporation or by-laws. A board of supervisors with at least two members should also be appointed (unless the corporation's articles of incorporation or by-laws state otherwise).

### 2.1.3 Company names

The company name must include its organisational form or relevant abbreviation. The name must not be the same as the name of another entity already registered, be prohibited by law, or be the name of a foreign corporation (unless the name can be distinguished from the foreign name).

## 2.2 Partnerships

A partnership is defined as an association of two or more persons who carry on business as co-owners for a profit. Partnerships are governed by the partnership agreement. The partnership forms available are the general partnership, special partnership, work partnership, and credit partnership.

In a general partnership, the partners are jointly and severally responsible for the debts of the partnership.

A special partnership may be formed by one or more partners who have unlimited liability for the debts of the partnership with one or more partners whose liability is limited to their capital contribution. The capital of partners with limited liability can be divided into shares. Partners with limited liability may not take part in the administration of the partnership, but may investigate the balance sheet, asset books, and other papers at the end of the year.

In a work partnership, the partners perform work or fulfil an obligation for another person. The partners determine the distribution of profits.

In a credit partnership, the partners buy goods on credit in order to sell them and share in the profits and losses of the partnership.

## 2.3 Branches and Representative Offices

A foreign company may generally establish a branch or representative office in Afghanistan. A representative office may not undertake business activities, but may undertake activities such as market research.

## 2.4 Sole Proprietorships

An individual may generally undertake business activities in Afghanistan as a sole proprietorship. Sole proprietorships undertaken by Afghan individuals, and their family businesses, are required to obtain a tax identification number (TIN) and register with the relevant district/municipal authorities. Registration with the Afghanistan Central Business Registry (ACBR), the Afghanistan Investment Support Agency (AISA), or obtaining a business license, is optional. Sole proprietorships undertaken by foreigners are required to register with AISA.

## 2.5 Audit and Accounting Requirements

Companies are required to prepare annual financial statements, including a balance sheet and profit and loss statement, and prepare annual reports.

Financials statements must generally be prepared in accordance with the International Financial Reporting Standards (IFRS). Micro-sized companies (as defined) may undertake their accounting on a cash basis.

## 2.6 Filing Requirements

Annual reports must be filed with the Afghanistan Central Business Registry (ACBR).



## 3 Finance and Investment

### 3.1 Exchange Control

There are no foreign exchange controls. Transfers abroad need to be reported to the Da Afghanistan Bank (Central Bank of Afghanistan) and be carried out by a bank or licensed foreign exchange dealer if the transfer value meets or exceeds set limits.

Anti-money laundering and anti-terrorist financing legislation requires reporting entities, including financial institutions, bullion/precious metal/precious stone dealers in respect of cash transactions exceeding set limits, real estate agents, and lawyers, legal professionals and accountants in respect of certain activities, to verify the identity of their customers, carry out risk assessments, and to report suspicious transactions to the Financial Intelligence Unit.

### 3.2 Banking and Sources of Finance

The Da Afghanistan Bank (Central Bank of Afghanistan) is responsible for (amongst others) monetary policy, financial stability, issuing national currency, and supervising banks and other financial institutions.

Commercial banks operating in Afghanistan provide the majority of financial services.

There are generally no restrictions on foreigners opening bank accounts in Afghanistan (certain documentation and a minimum deposit may be required), or on accounts containing foreign currency.

There is no stock exchange in Afghanistan.

### 3.3 Investment Incentives and Restrictions

Foreign and domestic investors may invest in nearly all business sectors. However, investments in the development of nuclear power, the establishment of casinos and other gambling establishments, and the production of narcotics and intoxicants are prohibited. Restrictions may also apply to the foreign beneficial ownership of business entities in specific industries or sectors.



# 4 Employment Regulations

## 4.1 General Employment Matters

### 4.1.1 National employment standards

Legislation provides minimum rights and conditions of employment in Afghanistan, including maximum average weekly working hours, break periods, paid public holiday entitlement, paid recreational leave entitlement, paid urgent leave entitlement, paid sick leave entitlement, and maternity leave rights.

A contract of employment must be concluded in writing and include:

- Confirmation that the parties may legally enter into a contract of employment
- Type of work or occupation
- Salary, rights and allowances
- Working time and hours
- Leave entitlement
- Place of employment
- Date of signing the contract, and
- Duration of the contract.

A contract of employment may include a probationary period of employment not exceeding three months.

A contract of employment may be terminated in certain circumstances, including by agreement between the parties, when a fixed term contract ends, retirement, death, disability that hinders the employee's performance at work, or repeated work violations after disciplinary procedures have been applied. An employee may terminate a contract of employment of indefinite duration by providing one month's written notice.

### 4.1.2 Pensions and other benefits

Employees, and their family members in certain circumstances, may benefit from food allowances, transportation, housing assistance, healthcare services, pensions, assistance for child birth, and financial assistance in respect of a deceased employee for funeral expenses.

## 4.2 Visas

The types of Afghanistan visa include:

- Tourist visa
- Entry visa for work permit
- Resident visa
- Transit visa
- Double entry visa
- Diplomatic visa
- Student visa, and
- Exit visa.

For further information on Afghanistan visa requirements, visit <http://mfa.gov.af/en/page/consular-affairs/visa-information>.

Foreigners are not permitted to own land in Afghanistan. However, land may generally be leased for business purposes for up to 50 years.

## 4.3 Trade Unions

Employees and employers may form unions. The roles of a trade union include defending and protecting the rights of workers.



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## 5 Taxation

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