



**ADVANCED
ACCOUNTING**
L.L.C
N.Y
USA

THE FIRST EVER COLLOQUIUM ON ACCOUNTING IN AFGHANISTAN

CONFERENCE
REPORT
2017



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TABEL OF CONTENT

President's Message	4
Conference Over View	6
About Advance Accounting LLC & IBS	9
About Colloquium on Accounting	10
Importance of CoA	10

Articals

AbuBakar Samoon (BSC (Hons.) ACCA)	13
Yasir Shakoor (ACPA)	17
M. Saqlain Siddiqui (ACA, APFA)	19
Asad Khan (BSc.,CIA,CFE,CICA)	23

Speeches

Atiqullah Nusrat	27
Sanzar Kakar	28
Abdul Wali Noori	29
M. Mustafa Mastoor	30
Syed Younas Sadat	31
Mateullah Zaland	32
Matt Nissley	34
Petter Reynolds	35

Our Sponsors & Partners

Afghanistan Holding Group	37
Afghanistan Chamber of Commerce & Industries (ACCI)	38
Bakhtar Bank	38
Zeer Group	39
Youth Thinker's Society	40
Colloquium in Pictures	43

**Be Responsible, Be
An Accountant**

PRESIDENT'S MESSAGE



has always been a major force in giving a competitive edge and (providing for a major shift by giving the organization a competitive advantage) giving a major shift in giving organizations competitive advantage.

This shift is being driven by new leaders and organizations that are achieving remarkable results, in industries with unprecedented speed and being rewarded with market leadership.

It is a sheer profound pleasure to welcome you all on the 1st Colloquium on Accounting in Afghanistan. This is a major milestone for accountants and finance-related staff in terms of networking and availing great opportunities of learning and sharing knowledge and experience.

Today's Accountants and CFO's are expected to play diverse and challenging roles, implementing or supervising internal controls, handling projects with major financial impact, building relationships with outside financing sources, driving major strategic issues, plus serve as a key advisor in the management team. It is time to give our accountants their due share of contribution in prosperity of different organizations.

Over the past decade, the business market of Afghanistan has experienced great and dynamic shifts. Business market evolved through boom and also recession providing great opportunities even in hardest times. In this dynamic environment, the role of accountants

We would like to thank all our delegates, speakers, partners and sponsors for making the first Colloquium on Accounting in Afghanistan possible. We hope and believe that this event will contribute in current market and set a trend of giving a space and platform for upcoming accountants of Afghanistan.

David Changaz
President
Advanced Accounting LLC



CONFERENCE OVER VIEW

I would like to humbly welcome Dr. Mohammad Mustafa Mastoor Deputy Minister of Finance, Mr. Atequallah Nasrat CEO of Afghanistan Chamber of Commerce (ACCI), Mr. Riyasat Ali Genral Director of Advanced Accounting LLC, Mr. Sanzar Kakar Chairman of Afghanistan Holding Group, Mr. Abdull Wali Noori Director of Legal Service & and policy of Afghanistan Revenue Department of MoF, Mr. Moneer Koshani President of Youth Thinkers' Society and Mr. Mateullah Zaland CEO of Zeer Group.

I would also like to welcome and convey my warmest gratitude and best wishes on behalf of Advanced Accounting LLC to all of the participants, the distinguished delegates, Panel speakers, and honorable guests.

Based on our corporate social responsibilities, our capacity building program, Institute of Business Studies (IBS) promotes the culture of professionalism in the fields of Leadership, Entrepreneurship, Finance and Accounting.

We believe that this conference is a great platform to gather, discuss and share ideas related to accounting and also to address the issues that accountants face in Business environment of Afghanistan.

We are delighted to have Mr. Matt Nissley CPA - MD Quest Financial Services, Mr. Peter Reynolds - CEO Rebuild Consultants, Syed Younas Sadat - CFO Da Afghanistan Bank, as a panel speakers, Mr. Abubakar Samoon, Mr. Muhammad Saqlain Siddiqui, Mr. Asad Khan and Mr. Yasir Shakoor as trainers in the event sessions.

We are honored to have 264 participants which includes 172 Accountants from more than 73 companies. We are also privileged to have 92 guests from government organizations, Private sector and other Non Profit and Government Organizations.

To conclude I would like to convey our gratitude, on behalf of Advanced Accounting LLC, to Afghanistan Holding Group (AHG) as our event partner and main sponsor, Afghanistan Chamber of Commerce and Industries (ACCI) as our networking Partner, Zeer Group as event partner, Youth Thinker Society (YTS) as logistic partner and Bakhtar Bank as the sponsor of event.

Regards
Wali Farhat
Business Development Officer







ABOUT **ADVANCED ACCOUNTING LLC & IBS**

Advanced Accounting L.L.C is a U.S based accounting and audit firm, and has been serving clients for more than a decade in United States of America and Canada. With a team of experienced staff, Advanced Accounting L.L.C. launched its capacity building program, Institute of Business Studies (IBS), which provides courses, workshops, seminars event and conferences. We are very excited to expand our consultancy to other parts of the world, specially in Afghanistan and we look forward to enter more countries in the future.

Our firm is large enough to offer a full range of professional services such as assurance, audit, advisory, tax, event management and training and development, but small enough to give you the individual attention that you deserve.

Corporate Social Responsibility



About Colloquium on Accounting (CoA)

Institute of Business Studies (IBS) initiated a colloquium (Academic Conference) to address the challenges faced by accountants in Afghanistan. The Colloquium on Accounting (CoA) 2017 brought together middle level managers, top level CFOs and CEOs with ACCA, CA, CPA, CIA, CFA, BBA and MBA (finance) qualifications, where they shared knowledge and experience with respect to their fields. The CoA 2017 was a one day event that was held and on 6th April, 2017 in Marmarine Palace, and was divided into two main parts:

1. Group session on topics such as, Basics of Accounting Key Accounting Principles, Key Taxation matters in Afghanistan, Internal Control and Internal Audit.
2. Panel Discussion on Afghanistan Accountancy Board soft skills for accountant, updates accountant globally, role of accountancy in economics development and work ethics for Accountant.

Importance of CoA

The Colloquium on Accounting was an event to help you and your organization define a clear path to success. This event has created and developed sessions that provide the latest updates, innovations and anticipated trends to keep you on the cutting edge. The sessions were aimed at developing skills of accountants and finance related staff, and also many experts will shared their knowledge and expertise to the participants to bridge a gap for those who aimed at learning and seeking exposure. The topics covered role of accountants in today's dynamic environment, taxation, Soft skills for accountant, Work ethics for accountants, Basics of accounting, internal control function, progress of Afghanistan Accounting Board, global challenges, and Economic Development in Afghanistan.



“It was a great platform to bring together hundreds of professional accountants under one roof, to enhance our professional knowledge and networking.”

GHALEB MANSOOR ANSARI
COUNTRY FINANCE DIRECTOR
GLOBAL PARTNERS INTERNATIONAL

COLLOQUIUM ON ACCOUNTING (CoA) IN NUMBERS



- 67 ACCA (Part Qualified/ Member/Affiliate)
- 51 Graduate
- 32 BSc Honors
- 43 Masters
- 2 LLB
- 5 Certified Financial Analyst
- 14 Chartered Accountant
- 2 Certified Public Accountant
- 48 Others





“This was the first colloquium of its kind in Afghanistan for accountants, which is indeed a solid step toward fostering this profession.”

ALEM SHAH IBRAHIM
DIRECTOR OF FINANCE AND ACCOUNTING
MINISTRY OF FINANCE (MoF)



“The Colloquium on Accounting (CoA) is one of the best event to keep accountants upto date in their professional work, which is a need for every accountant in the world.”

RAHMATULLAH NASRY
(ACCA MEMBER)
LECTURER AT ALIAF, FINANCIAL CONTROLLER AT ROSHAN



ABUBAKAR SAMOON

BSC (Hons.), ACCA
AFGHANISTAN HOLDING GROUP

DIRECTOR OF FINANCE
4 YEARS WORK EXPERIENCE

BASICS OF ACCOUNTING

History of Accounting

The term "Accounting" dates back to about 7,000 years ago. Evidence of accounting records exist from the Roman Empire comprising of listing expenditures made on account of promoting the Olympics and gladiator games. Accounting saw tremendous expansion in the Medieval and Renaissance periods in Europe.

Modern Professional Accounting, otherwise known as Public Accounting and/or Chartered Accounting dates back to 19th Century and origins from Scotland. The first Accountancy body was established in 1880 as a result of charter signed by queen Victoria i.e. Institute of Chartered Accountants of England and Wales (ICAEW). Other well-known accountancy bodies were established in later years such as AICPA (US) in 1887 and ACCA in 1904.

Importance of Accounting in Business

Organizations often need a way to keep score when conducting business operations. Accounting allows companies to create financial reports that can be compared with other companies or an industry standard and to review the efficiency of operations. This information may help owners and managers make business decisions and improve the company's profitability.

The Accounting Cycle

Like each process, Accounting also goes through a cycle of one-period known as "Accounting Period" usually consisting of 12 operational months i.e. 1 year. This may or may not coincide with the Calendar year depending on various factors such as tax reporting, establishment date of Organization, comparability with competitors or standards setters or simply due to best practices or ease of reporting.

The cycle consists of various steps mainly being:

1. Collecting and verifying Source Documents

A business has several transactions that take place daily. A source document is created for each business transaction. Commonly used source documents are:

- An invoice
- A receipt
- A memorandum
- A check stub

2. Analyzing Business Transactions

Determining the debit and credit portions of each transaction by analyzing the source document. In the real world, you must examine this document to determine what happened in a business transaction, so there is no yardstick for this purpose.

3. Recording to General Journal

Now the complete details of each transaction must be entered in a journal, a record of the transactions of a business. This is called journalizing. A journal can also be called the book of original entry.

4. Classification / Posting

Setting Up the General Ledger

Accounts used by a business are kept on separate pages or cards in a book or file called a ledger.

Posting is the process of transferring information from the journal to individual ledger accounts. It is the process by which random transactions become organized in a manner according to accounts.

All transactions must be moved to a permanent record organized by account number called a general ledger. This information is continually used by managers. It provides up-to-date balances for each account, including accounts payable and receivable.

Posting shows the final impact on an account, which is why a ledger is sometimes called a book of final entry.

5. Preparing Trial Balance

Once the journal entries have been properly posted to the ledger, the sum of the debits should equal the sum of the credits. The final figures should be the same; this is called proving the ledger.

To prove the ledger, accountants prepare a list of all the account names and their current balances. This list is called the trial balance.

If the totals are equal, the trial balance is in balance. Any entries pending at the end of the year must be entered into the Accounting system which is called "Adjusting Entries". Once all the affairs of the company are properly reflected in the books, a Final Trial Balance is prepared called "Adjusted Trial Balance" which is the basis for preparing Financial Statements.

6. Prepare Financial Statement

Financial statements (or financial report) is a formal record of the financial activities and position of a business, person, or other entity.

The commonly known Financial Statements, which reflects the final results for and as of the completion of Accounting Cycle comprise of:

- Statement of Financial Position (SOFP) / Balance Sheet
- Statement of Comprehensive Income / Income Statement
- Statement of Changes in Equity (SOCE)
- Statement of Cash Flows
- Notes to the Accounts

7. Closing Entries & Post-Closing Trial Balance

Closing entries, also called closing journal entries, are entries made at the end of an accounting period to zero out all temporary accounts and transfer their balances to permanent accounts. In other words, the temporary accounts are closed or reset at the end of the year.



“ I congratulate the organizers of Colloquium on Accountants for organizing such a great event.

Mohammad Aman Ahmadi
President at Fanoos Accounting Services

”



A man with a dark beard and mustache, wearing a dark suit, white shirt, and red tie, is speaking into a microphone. He is wearing a red lanyard around his neck. The background is slightly blurred, showing a blue curtain and a red and green flag. The text 'YASIR SHAKOOR' is overlaid on the bottom left of the image.

YASIR SHAKOOR

ACPA
AFGHANISTAN HOLDING GROUP
SENIOR FINANCIAL DIRECTOR
8 YEARS WORK EXPERIENCE

Taxation in Afghanistan

Key taxation matters are one of the most important aspect of any Business in Afghanistan. Here are the things to consider and understand for every entrepreneur thriving in business market of Afghanistan.

A. Why Register in Afghanistan

Registration of Businesses for tax purposes is required under Afghanistan Central Business Registry Law as well as the Commercial Code. In addition, BSA under Government or other contract binds contracting parties and business communities to register. Followings are required for a company to start operations in Afghanistan:

- Obtaining specialized permits
- Opening a bank account
- Applying for a tax exemptions
- Remitting withheld taxes from landlords, employees and vendors

B. Why keep compliant in Afghanistan

The benefits to File and pay taxes monthly/quarterly/annually, are as follows:

- i. Obtaining a tax clearance letter, in order to
- ii. Obtaining a no objection letter for license renewal, in order to Renew your license
- iii. Being able to continue country operations legally, and other benefits such as:
 - Obtain work permits / work visas
 - Import / export through customs
 - Qualify to bid on certain contracts
 - Make changes to your license
 - Qualify for a 2% vs. 7% withholding rate

C. Tax Liabilities accrue from the beginning of the activity in Afghanistan

Following documents must be kept by company upto date by all business enterprises:

- i. Rental Tax Withholding (Article 59)
- ii. Employee Tax Withholding (Article 58)
- iii. Contractor Tax Withholding (Article 72)
- iv. Dividend/Interest/Royalties Tax Withholding (Article 46)
- v. Business Receipts Tax (Article 64)
- vi. Annual Income Tax (Article 87)

D. Recommendations

Following are the recommendations for any business enterprises operating in Afghanistan or planning to start its operation in Afghanistan.

- i. Plan and budget for all withholdings and taxes
- ii. Keep excellent accounting processes and records
- iii. Complete clear self-assessment from start date
- iv. Timely monthly, quarterly and annual filings
- v. Keep signed copies of all communication provided and received



M. SAQLAIN SIDDIQUI

ACA, APFA
ERNST & YOUNG
EXECUTIVE MANAGER - ASSURANCE
10 YEARS WORK EXPERIENCE

Key Accounting Concepts and Principles

Accounting is a systematic process of identifying, recording, measuring, classifying, verifying, summarizing, interpreting and communicating financial information.

It reveals profit or loss for a given period, and the value and nature of a entity's assets, liabilities and owners' equity.

Accounting provides information on the:

- Resources available to a firm
- The means employed to finance those resources, and
- The results achieved through their use

Accounting Concepts and Principles are a set of broad conventions that have been devised to provide a basic framework for financial reporting. Globally, the following accounting and reporting frameworks are under application and adopted by the regulators of different countries:

- International Financial Reporting Standards (IFRS),
- Generally Accepted Accounting Practice (GAAP)

IFRS is adopted in whole, or in large part, by many countries. While different nations including China, Canada, France, Germany, Russia and USA use GAAP in accordance to their local business entity requirements

Followings are the basic accounting concepts and principles:

i. Relevance:

Information should be relevant to the decision making needs of the user. Information is relevant if it helps users of the financial statements in predicting future trends of the business (Predictive Value) or confirming or correcting any past predictions they have made (Confirmatory Value). Same piece of information which assists users in confirming their past predictions may also be helpful in forming future forecasts.

ii. Reliability:

Information is reliable if a user can depend upon it to be materially accurate and if it faithfully represents the information that it purports to present. Significant misstatements or omissions in financial statements reduce the reliability of information contained in them.

iii. Matching Concept:

The matching concept is an accounting practice whereby firms recognize revenues and their related expenses in the same accounting period. Firms report revenues, that is, along with the expenses that brought them. The purpose of the matching concept is to avoid misstating earnings for a period. Reporting revenues for a period without reporting all the expenses that brought them could result in overstated profits.

iv. Timeliness:

Timeliness principle in accounting refers to the need for accounting information to be presented to the users in time to fulfill their decision making needs.

Timeliness

of accounting information is highly desirable since information that is presented timely is generally more relevant to users while conversely, delay in provision of information tends to render it less relevant to the decision making needs of the users. Timeliness principle is therefore closely related to the relevance principle.

v. Prudence:

Preparation of financial statements requires the use of professional judgment in the adoption of accountancy policies and estimates. Prudence requires that accountants should exercise a degree of caution in the adoption of policies and significant estimates such that the assets and income of the entity are not overstated whereas liability and expenses are not under stated. The rationale behind prudence is that a company should not recognize an asset at a value that is higher than the amount which is expected to be recovered from its sale or use.

vi. Completeness:

Reliability of information contained in the financial statements is achieved only if complete financial information is provided relevant to the business and financial decision making needs of the users.

vii. Comparability/Consistency:

Financial statements of one accounting period must be comparable to another in order for the users to derive meaningful conclusions about the trends in an entity's financial performance and position over time. Comparability of financial statements over different accounting periods can be ensured by the application of similar accountancy policies over a period of time.

A change in the accounting policies of an entity may be required in order to improve the reliability and relevance of financial statements. A change in the accounting policy may also be imposed by changes in accountancy standards.

viii. Materiality:

"Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements" (IASB Framework).

Materiality therefore relates to the significance of transactions, balances and errors contained in the financial statements. Materiality defines the threshold or cutoff point after which financial information becomes relevant to the decision making needs of the users. Materiality is relative to the size and particular circumstances of individual companies.

ix. Going Concern:

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Financial statements are prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities.

Possible Indication of Going Concern Problems:

- Deteriorating liquidity position of a company not backed by sufficient financing arrangements.
- High financial risk arising from increased gearing level rendering the company vulnerable to delays in payment of interest and loan principle.
- Increasing level of short term borrowing and overdraft not supported by increase in business.
- Inability of the company to maintain liquidity ratios as defined in the loan covenants.
- Serious litigations faced by a company which does not have the financial strength to pay the possible settlement.
- Inability of a company to develop a new range of commercially successful products.
- Bankruptcy of a major customer of the company.

x. Accrual Concept:

Financial statements are prepared under the Accruals Concept of accounting which requires that income and expense must be recognized in the accounting periods to which they relate rather than on cash basis. An exception to this general rule is the cash flow statement Under Accruals basis of accounting, income must be recorded in the accounting period in which it is earned. Therefore, accrued income must be recognized in the accounting period in which it arises rather than in the subsequent period in which it will be received. Expenses, on the other hand, must be recorded in the accounting period in which they are incurred.

xi. Business Entity:

Financial accounting is based on the premise that the transactions and balances of a business entity are to be accounted for separately from its owners. The business entity is therefore considered to be distinct from its owners for the purpose of accounting.

xii. Substance Over Form:

Substance over form is an accounting concept which means that the economic substance of transactions and events must be recorded in the financial statements rather than just their legal form in order to present a true and fair view of the affairs of the entity.

Substance over form concept entails the use of judgment on the part of the preparers of the financial statements in order for them to derive the business sense from the transactions and events and to present them in a manner that best reflects their true essence.

xiii. Historical Cost:

Historical Cost is the original cost incurred in the past to acquire an asset. Historical Cost Convention requires assets to be recognized at their historical cost. Assets need to be assigned some value in the accounting books.

Historical Cost Convention requires assets to be recorded at their historical value unless it is prudent to recognize a lower value (e.g. due to impairment). Historical Cost is therefore the default value assigned to assets.



ASAD KHAN

BSc., CIA, CFE, CICA
ERNST AND YOUNG
MANAGER AND TEAM LEADER - ADVISORY SERVICE
8 YEARS WORK EXPERIENCE

Internal Audit and Internal Control

For every accountant, it is very important to know about Internal Control System, its types, Risks, Internal Audit and the difference between Internal and External Audit. Each of the mentioned topics would help an accountant to understand, design, modify, and rectify loopholes into accounting system and obtain a competitive edge over other business environment in terms of transparency and effectiveness of Accounting System.

What is Risk?

A threat that an event, action, or non-action could adversely affect an organization's ability to achieve its business objectives and execute its strategies successfully.

Why Do Companies Have Risks?

Companies deploy multiple strategies that generate risks and a continually evolving risk profile. Businesses cannot eliminate risk.

Followings are the three common types of Risks

- i. Financial Risk (Debt)
- ii. Operational Risk - (System Failure, Inefficiency in Process)
- iii. Compliance Risk - (Non compliance with govt. regulations)

Internal Control

IC is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. An internal control system comprises the whole network of systems established in an organization to provide reasonable assurance that organizational objectives will be achieved.

Primary Types of Controls are

- i. Preventive - Authorization,
- ii. Detective - Reconciliation,
- iii. Corrective - Continuous quality initiatives.

Followings are the examples of Internal Controls;

- Segregation of Duties
- Authorization
- Organization
- Arithmetic and Accounting
- Physical
- Supervision
- Management Control
- Personnel

Considering above control requirement for any organization, following are Objective of Internal Control System;

- the orderly and efficient conduct of its business, including adherence to internal policies
- the safeguarding of assets of the business
- the prevention and detection of fraud and error
- the accuracy and completeness of the accounting records
- the timely preparation of financial information

However, there are certain limitations to Internal Controls which are mentioned here under,

- Controls can be overridden
- Internal controls can only provide reasonable assurance
- Collusion of staff
- Resource constraints
- Non routine transactions

Internal Controls Frameworks (COSO)

In COSO, internal control is seen to apply to three aspects of the business:

1. Effectiveness and efficiency of operations - that is the basic business objectives including performance goals and safe guarding resources.
2. Reliability of financial reporting - including the preparation of any published financial information.
3. Compliance with applicable laws and regulations to which the company is subject.

Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Followings are the Common Types of Internal Audits

- i. Transactional Audits - Primarily focus on checking financial transactions.
- ii. Risk Based Audits - Focuses on those areas with high risks.

Key Tasks Performed by the Internal Auditors are as follows;

- Audit Planning
- Identification of Risks
- Understanding of Current State
- Mapping of Risks with Controls
- Risk and Control Evaluation
- Test of Controls
- Reporting
- Follow ups

Key Differences Between Internal and External Audits

Internal Audit	External Audit
Hired by the shareholders	Hired by the management
Focused on financial statements only	Covers the whole entity and processes
Provide opinion on financial statements	Do not provide opinion
Can be outsourced	Can be in-sourced or outsourced
only Report to the shareholders	Report to the management
EA reports are used by the shareholders	IA reports are used by the management
Conducted usually once a year	Conducted throughout the year



ATIQULLAH NUSRAT
CEO - AFGHANISTAN CHAMBER OF
COMMERCE & INDUSTRIES (ACCI)
12 YEARS WORK EXPERIENCE

Today is the world of competition. We have to compete with international organizations in the same manner as other competitors prevailing in the international Market. However, it is quite unfortunate, we could not avail many opportunities due to the lack of a standard accounting system in Afghanistan.

It is a phenomena that every economic activity can only be successful, if each and every transaction is recognized, recorded and presented as per International Accounting Standards. Besides a standardized Accounting system, professional work force is also one of the needs of the business market. Unavailability of equipped and expert human resource is also a hurdle in the development of Businesses in the market of Afghanistan.

In addition, I believe, Educational Curriculum prevailing in the country in the field of accounting is also of sub-standard and does not meet the requirements of the current market. One of our first priorities shall be to update and modify the accounts related curriculum which is followed and taught in our educational institutes.

In my opinion, following shall be considered by concerned authorities to improve the current situation in relation to accounting.

- Creation of the Accounting Institutes and training centers for accountants
- Introduction and facilitation of scholarships in the fields of Finance and Accounting
- Rectification and renewal of curriculum in the field of accounts and finance
- Capacity building of human resource through workshops, seminars and other development
- Compulsory applicable of international standards by concerned authorities

In addition to above, I believe government and other legal authorities shall assist growth of private sector by such programs and initiatives which serve as incentive for further investment and protection of private sector businesses.

Furthermore, providing interest free loans or loans with lesser interest may help boost the investment in the country by small and medium potential investors. Creating an investment friendly environment in the business community shall be top priority of concerned authorities.

I hope and pray for better future for all the accountants in the business market.



SANZAR KAKAR
 CHAIRMAN - AFGHANISTAN
 HOLDING GROUP
 12 YEARS WORK EXPERIENCE

Summary of Afghanistan Tax Requirements
 Followings are the Interpretation from the Income Tax Law and Manual that every afghan citizen must have understanding of;

1. Rental Tax Withholding

When paying a monthly rent of...		Then you should withhold...	And file within...
0 Afs to	10,000 Afs	0%	15 days after end of month in which payment was made
10,000 Afs to	100,000 Afs	10% flat of rental amount	
Over 100,000 Afs		15 % flat of rental amount	

2. Employee Tax Withholding

When paying a monthly salary of...		Then you should withhold...	And file within...
0 Afs to	5,000 Afs	0%	10 days after end of month in which payment was made to employee
5,000 Afs to	12,500 Afs	2% of salary over 5,000	
12,500 Afs to	100,000 Afs	150 Afs + 10% over 12,500	
Over 100,000 Afs		8900 Afs + 20% over 100,000	

3. Contractor Tax Withholding

When paying a sub-contractor...		Then you should withhold...	And file within...
Under 500,000 Afs per year		0%	10 days after end of month in which payment was made to contractor
Over 500,000 Afs per year to a company with a valid license		2% flat of gross invoice	
Over 500,000 Afs per year to a company without a valid license		7% flat of gross invoice	

4. Business Receipts Tax Return

When revenue is from...		Then you should pay...	And file within...
A tax exempt contract or a natural person with quarterly revenue under 750,000 Afs		0%	15 days after end of quarter in which revenue was received
Telecom, airline, premium hospitality or 3+ star hotels		10% flat of gross receipts	
Hospitality with quarterly revenue of over 750,000 Afs, or all clubs & halls		5% flat of gross receipts	
All other contracts		4% flat of gross receipts	

5. Annual Income Tax Return

When revenue is from...		Then you should pay...	And file within...
A contract with a valid tax exemption on file with the Ministry of Finance		0%	3 months after end of the Afghan fiscal year
All other contracts		20% flat of profit after allowable expenses	



ABDUL WALI NOORI
DIRECTOR OF LEGAL SERVICE &
POLICY AFGHANISTAN REVENUE
DEPARTMENT
MINISTRY OF FINANCE
13 YEARS WORK EXPERIENCE

The business market of Afghanistan has proved to be dynamic in the last decade or so. There has been a boom in the market for quite some years with the eventual decline from 2012 onwards. The nature of the business market in the country makes us ponder the issues in great detail to encounter a counter narrative solution and behave proactively to ensure consistent revenue earning for the state. There are many modes of revenue generation, however, in this article, I would like to ponder on Tax reforms. The Revenue department of Afghanistan was established in the year 2004. The reforms' segments dealt with laws and regulations reform, formulating reforms based on the need of the market as per international standards. The reforms were based on current economy policy, the transfer of economy activities to private sector which was managed by government in order to create new revenue sources, paving way for tax revenues. In order to facilitate tax payers in their timely tax payments and to help authorities in correct and accurate collection of tax returns, the tax manual shall be updated and modified accordingly for better growth in the economy of the country.

Considering above, the government has tried its level best in recruitment of professionals in tax administration sector. The recruitment process was to recruit human resource meeting the criteria of required academics, work experience in the relevant field, and practical work skills.

In addition, the selected candidates had to go through a learning phase of required hands on training and off the job training and workshops. It was the need of the hour because there were not many professional accountants working in the prevailing market with myriads of companies, organizations and firms, which had added to the work load of the tax department. To address the issue, new tax law was introduced recently which had put the requirement to candidates to pass a written test conducted by Ministry of Finance to be allowed to work as a tax consultant.

I hope and believe the new tax law would ensure not only protection of our qualified tax consultants, but would also facilitate our businesses and entrepreneurs and would encourage further investment in current business market of Afghanistan.



**MOHAMMAD
MUSTAFA MASTOOR**
DEPUTY FINANCE MINISTER
MINISTRY OF FINANCE
17 YEARS WORK EXPERIENCE

I would like to avail this opportunity and congratulate Advanced Accounting LLC for organizing such an amazing and much needed event and would also thank their partners , Afghanistan Chamber of Commerce & Industrie (ACCI), Afghanistan Holding Group (AHG), Zeer Group and Youth Thinker society (YTS) for being part of Colloquium on Accounting which is first of its kind in Afghanistan.

Such events not only are very important in terms of giving exposure to participants by imparting knowledge and sharing experience by equipped speakers and trainers but also would help in standardization of private sector human resource who are leaders of tomorrow in their respective fields.

I am honored to represent Ministry of Finance of Afghanistan in this auspicious gathering of great minds skillful future bearers.

Dear participants,

I believe that Accountancy has not attained its growth in Afghanistan the way it should have attained. Though the exact numbers of accountants in the government and private sector of Market is not known, the number we asses is very low where most of accounting seats are held by foreign professionals.

As of 2009, the number of accountants we had were only 30. We also believe that the level of quality that we needed from such accountants were much of lower caliber due to lack of academic standards in curriculum of institutes and also due to no or less training and workshops available to our accountants.

However, we are glad to share that Ministry of Finance in collaboration with World Bank introduced a program, where nearly 1,300 students are currently on scholarship studying accountancy in local and international institutes. We believe that through this program, we shall be able to produce professional accountants, specially chartered accountants in the near future.

We are also to create a Leadership Committee under management of Ministry of Finance with membership from stakeholders such ad Ministry of Justice, Ministry of Higher Education, Da Afghanistan Bank, and members of Afghanistan Accountancy Board, Afghanistan Chambers of Commerce & Industries, World Bank and USAID.

Furthermore, We are glad to share that despite limitations and minimum resources, we have done following so far to help our finance grow in much quicker pace.

1. We have prepared Afghanistan Accountants Law which is first of its kind in country
2. We have formed Afghanistan Accountancy Board
3. we have provided Capacity Building opportunity for our Accountants through variety of training and workshops , local and abroad

In addition to above, we are on the verge of gaining membership of South Asian Accountants Federation.

We would like to assure you that Capacity building of professional accountants in Afghanistan is one of the most important priorities of Ministry of Finance and Professional Accounting Administration. Considering that, we are glad to share that through our Professional Accountant Organization Development (PAOD) program, we have already started working on following aspects;

- Membership and License
- Professional Learning
- professional Standards
- Professional Activities

PAOD has already provided upto 1,000 scholarships to Association of Certified Chartered Accountants (ACCA) students who were able to pass their exams. We are also in the process of providing further scholarships to ACCA students. Further, Ministry of Finance has signed an MOU with Ministry of Higher Education to create an Accounting Department in Kabul University. The main objective of this MoU is to produce academically sound and skillful accountants to meet the requirement of Public and Private Sector in terms of Accountants.

I would like to conclude by wishing success to all participants of this Colloquium and I hope we will work together for better future of Accountants in Afghanistan.



SAYED YOUNUS SADAAT

CHIEF FINANCE OFFICER
DA AFGHANISTAN BANK
9 YEARS WORK EXPERIENCE

When I started my accounting career I was afraid whether I am starting a boring career where one has to deal with data and figures all the time. But gradually when I worked and started learning from everyone around me, I realized that Accountancy as a career is very much exciting. Accountants are usually considered to be very boring people, but actually, I believe it's not the case. Accountants can also be fun loving people. The

excitement of solving issues at work specially related to Trial Balance is one of the best feeling an accountant can have.

Accountants have a unique place in every organization, they are the people who have all the information regarding the organization such as HR, Procurement, Sales, Inventory etc.

All important decisions in organizations are dependent on accountants information.

If accountants do not provide accurate information to top management, the decision makers would not be able to consider all the aspects related to different issues in organization.

Therefore, Accountants hold a very important and prestigious position in every organization. There is a very famous quotation which says, Behind every successful business there is a great accountant.

Therefore I believe and hope that this event would be like a mile stone in the way of a successful career path to every accountants and potential accountants present in this great gathering.

I am very optimist that accounting profession will develop in Afghanistan and we will one day be able to be independent without outsourced human resource in the field of accountancy.



MATEEULAH ZALAND

ACCA FINALIST
CEO & PRESIDENT
ZEER GROUP

10 YEARS WORK EXPERIENCE

Luca Pacioli know as the "Father of Accounting" wrote on accounting ethics in his fist book in 1494. Since then, many professional organizations, government groups and independent bodies have written on ethics and ethical standards which were expected from accountants from around the world. International Federation of Accountants (IFAC) has set our ethical standards that are stringent as those stated in International Ethics Standards Board for Accountants code of Ethics for Professional Accountants (IESBA Code). These standards are as follows;

- Integrity

Accountants are expected to be straight forward and honest in all professional and business relationships, and also to conduct fair dealing and truthfulness.

- Objectivity

Accountants shall not allow bias, conflicts of interest or the undue influence of others to compromise their professional or business judgment.

- Professional Competence and due care

Accountants have a continuing duty to maintain professional knowledge and skill at a level required to ensure that clients or employers receive competent professional service.

- Confidentiality

Accountants shall respect the confidentiality of information acquired as a result of professional and business relationships, and shall not disclose any such information to third parties 'without proper and specific authority or unless there is a legal or professional right or duty to disclose'.

- Professional Behavior

Accountants shall comply with relevant laws and regulations of prescribed country and shall avoid any action that may discredit the profession. In addition to above ethical standards, some of the other ethical requirements expected at work are Professional behavior and dress code and accountants attitude in and at work.

Every professional is normally known from the dress code he/she wears. A fire brigadier can be recognized from distance due to its known yellow uniform. In the same way, in any organization, no matter how casual or dress friendly the organization or company is, accountants must take care of their dress code by wearing Formal shirt, tie and suit.

Furthermore, accountants shall behave in professional way in every working condition. Accountants have witnessed conflicts, vague interpretation of law and accounting standards and scandals, however, one expects a professional attitude and behavior with clients, colleagues, subordinates and superiors in every situation.

I pray each accountant understand the burden of this great responsibility and become an example for future accountants to follow.



I feel privileged to attend Colloquium on Accounting being one of the few female accountants in Afghanistan.

Nilab Ghafari
Deputy CFO at Bakhtar Bank





MATT NISSLEY

CERTIFIED PUBLIC ACCOUNTANT
MANAGING DIRECTOR
QUEST FINANCIAL SERVICES
9 YEARS WORD EXPERIENCE

Are you ready? This is the question that each of you needs to carefully think about. The world is changing quickly. The last 2-3 decades have brought about rapid change in world, spurred on in no small part by the internet, advancing technology, and globalization. Millions of people are now connected to others in ways that used to be impossible and business that used to dominate the market are now facing the challenges of global competition. Some people have benefited greatly from these changes, while others feel left behind.

Today I'd like to briefly highlight three areas of change in the global accounting landscape and challenge you to prepare yourselves to embrace these changes. Are you ready?

Global Change #1 - Technology

Technology is impacting the world of accounting in astounding ways. More and more accounting software is cloud-based, with small companies using software like QuickBooks online and Xero and big companies using Oracle and SAP software. Rather than making a one-time payment, these online accounting solutions can only be used on a subscription-based model, thus generating recurring revenues for the software companies. Accountants working with a variety of clients must become familiar with a wide range of accounting software.

Technology is rapidly changing the role of accountants. Today's Accountant is expected to be tech-savvy and able to leverage technology to make operational and reporting processes more efficient, accurate, and timely. Are you ready?

Global Change #2 – Role of CFOs

The traditional role of the CFO has been that of Steward and Operator. However, around the world there is a growing emphasis on the CFO as Strategist and Catalyst. Grant Thornton reports in their 2017 CFO survey that CFO's are now spending one-third of their time on strategy. CFOs are now expected to spend more of their time on planning, forecasting, and risk management rather than solely focusing on historical reporting.

A management role in a finance department is no longer simply about reconciling accounts and producing reports. Today's CFO is expected to take a leadership role in developing and executing the organization's strategy, in addition to maintaining the regular operations of the finance department. CFO's must be curious, creative, entrepreneurial, and strong problem solvers. Are you ready?

Global Change #3 – Value Based Pricing

How accountants price their services is shifting from the traditional "bill by the hour" model to a value-based pricing model. The billable hour creates a conflict of interest and has no inherent value – clients ultimately pay for results, not for hours. Value-based pricing sets clear expectations up front for both parties regarding fees and allows the accountant as service provider to think more creatively about how to provide value to the client.

Today's Accounting Firm today must think about how to go beyond traditional billing methods. More importantly, today's Accounting Firm must think about how to go beyond providing only compliance-oriented services and how to add additional value to its client. Are you ready?



PETER REYNOLDS
BSc. (HONS)
PRESIDENT
REBUILD CONSULTANTS
40 YEARS WORK EXPERIENCE

Today, accountants need to be more than experts with numbers. Accountants need to relate well to their clients – whether their 'clients' are business customers or departments and people who depend on their service with the same organization. Accountants need 'people skills' [also known as 'Soft Skills'] in addition to the obvious 'hard skills' they are taught in their accountancy training. It is estimated that 80% of people who fail at work, do so, not because they cannot do their job – but because they do not relate well to people.

Accountants need to learn the art of communicating to non-accountants the technical information they expertly deal with all day long. They need to develop the skill of communicating the complexities and meanings of the data they handle – and to do so in simple, easy to understand terms that non-accountants can understand.

This skill makes them effective team players and not just 'back room' technicians.

- They need to develop the art of asking good questions

- Then they need to develop the art of listening - not just to the answers given but to what is not being said behind what is being said to them I believe there is also the need for integrity.
- Demonstrating that they can be trusted with the confidentiality of the data they handle
- Demonstrating that they have a non-negotiable value of honesty
- Having integrity in their DNA - in their dealings both within their organization and with those outside of their organization

Accountants need to be engaged and involved.

- An integral part of the success of the organization and of the people they serve
- This makes them all the more viewed as allies, team players and not as a threat

Another skill that accountants need to have is Time management. Time management is an essential skill as deadlines have to be met for financial reporting – whether for their clients or for the statutory bodies [eg., the Ministry of Finance]. The skill of managing your time can avoid stiff penalties for late filing of government reports.

Lastly, accountants need to develop the skill of strategy and planning ahead in the light of the financial information that they have prime access to.

I would conclude that 'soft skills' help accountants

1. Win clients
2. Keep their clients and
3. Makes them valuable team players with those they serve

Soft skills don't all come naturally. The good news is that they can be learned! I wish all accountants of Afghanistan to shape this country in the best way possible.



“ The training session of Afghanistan Income Tax Laws and Regulations presented by Mr. Sanzar kakar was extremely helpful and informative.

Ziaulhaq Hemmaty
Admin and finance director at
(AUWSSC)



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"Afghanistan Holding Group (AHG) employs over 150 full-time highly qualified Afghans, with educational backgrounds that include graduate, post-graduate and tertiary professional certifications. Our management brings decades of experience managing projects for both the public and private sector in Afghanistan, in areas of financial management, technological solutions, research design, policy analysis and complex operations. We call on an additional pool of 800 short-term consultants across all 34 provinces for project specific support. Our operations are made possible by a team of 25 dedicated support staff. All of our team members are fluent in English, Pashtu and/or Dari.

Since 2009, Afghanistan Holding Group has provided professional business services to over 700 organizations across Afghanistan. Our clients range from small companies, non-profits, and corporations to development institutions and government customers. Our tailor-made services are organized into five divisions providing integrated financial, research, compliance, technology and procurement services. Our highlighted offering goes step-by-step through the life cycle of an entity, providing assistance with registration, visas, systems, payroll, taxation, sourcing, monitoring & evaluation and auditing services.

This powerful combination of education, experience and qualification uniquely places AHG to provide the highest level of service with unparalleled integrity, efficiency and accountability."

Afghanistan Chamber of Commerce and Industries - Networking Partner.

In serving the private sector, the chamber looks back on a long history, which started 84 years ago. For the first time in 1931, Afghan traders established Commercial Arbitration Association to integrate their business activities and also defend their rights. Later on this organization was transformed into the chamber of commerce and industries to promote domestic production and trade in all provinces.

Currently, the Chamber represents over 90 % of the total Afghan work force. ACCI is headquartered in Kabul and operates 27 branch chambers in 25 provinces. Its current membership exceeds 65,000 companies and 244 business unions, association and cooperatives that represent a vast majority of the total Afghan workforce.

Today, ACCI is uniquely positioned to influence the pace of economic growth and reform. Strategically nestled at the nexus of public, investor, donor, academia, media, and foreign channels, the Chamber is facilitating the interests of the Afghan private sector to a diverse audience.

The ACCI is on the firm belief that the improvement of the enabling environment for doing business is a shared concern of all stakeholders



Bakhtar bank is a first full fledged upcoming Islamic bank of Afghanistan, Augmenting world class services and Contributing to the national economy by giving Modern banking products & services to the nation that encourage national and individual development. We operate with the objective to serve the Afghan business community to prosper. We Endeavour to adhere to international best

practices in corporate governance, financial and risk management, customer service, operations, information technology. Bakhtar bank has recently acquired globally known banking software 'Flex cube', which will be implemented shortly bringing plenty of advantages and facilities to its customers. Bakhtar Bank offers an array of product and services, which are safety deposit lockers, financing, money market solutions/treasury, ATM, debit cards. Salary disbursement solution. The bank provides banking solution to corporate sector and retailers, Since June, 2009. At present Bakhtar bank operates with a network of 59 full-fledged branches and 02 counters. The Bank also offers alternate delivery channel (ADC) services i.e. ATM and internet banking. After conversion into full fledge Islamic bank, the bank has entered into corporate and SME sector and also supplement the plan of the country in financial inclusion through micro finance sector.

We aim to introduce faith sensitive banking contracts and agreements, introduction of latest state of the art cashless wallets and mobile banking, reaching every nook and corner of Afghanistan, and introducing micro-finance banking. These steps are expected to result in helping towards reducing unemployment through job creation, poverty alleviation, and will contribute towards the economic growth and prosperity of Afghanistan, at grass root level.



Zeer Group – Networking Partner

ZEER consulting started its mission to render excellent services to both national and International organizations in Afghanistan. ZEER is committed to provide its clients' professional solutions to their business requirements, Consulting, Auditing and Capacity Building services in order to meet their corporate Goals and Objectives. By having exceptionally glib, national and International qualified & ample experienced staff, it is a matter of pride and honor for us to be the very first Afghan firm which provides solutions in the aforementioned areas inside Afghanistan. ZEER provides services in the main provinces of Afghanistan which are Kabul, Ningrahar, Kandahar, Mazar-e- Sharif and Herat.

ZEER consultancy is known for its excellence and efficiency therefore we assure you that our staff both national and international with ample experience will assist you at its best by providing you excellent services.



Youth Thinker Society Organization (YTSO) – Logistic Partner

Youth Thinkers' Society - Organization (YTSO) is a non – government, non – profit and non – political organization that is not linked or connected with any political parties of the country. YTSO focuses on leadership development and capacity building of youth through active volunteer engagement and participation. Our fundamental aim is to empower young minds by facilitating intellectual and proactive mediums and channelize their acquired skills to support the local community. Furthermore, we strongly believe that youths are the catalyst of change in the society, and today as the world has grown into a global village, we at YTSO envision establishing networks for youths to exchange their ideas, knowledge, and goodwill across borders and become a responsible global citizen.



“ This was a great event to highlight importance of accountants in current market condition.

Nadia Noori
BBA from AUAF
Admin & Finance Officer at GNI





COLLOQUIUM ON ACCOUNTING

APRIL 6, 20XX



MATEULLAH ZILAND
CEO & PRESIDENT
ZSEER GROUP

MATT WILLEY
MANAGING DIRECTOR
QUEST FINANCIAL SERVICES

PETER REYNOLDS
PRESIDENT
REYNOLDS COMPANY



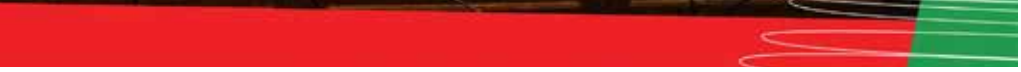


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