Letter for Contracts Covered by the Security and Defense Cooperation Agreement

Place on Command Letterhead

Date

Ministry of Finance

Afghanistan Revenue Department

Government of the Islamic Republic of Afghanistan

SUBJECT: Name of Company:

Tax Exemption Status

Contract Number:

Date of Award:

Contract Period:

Contract Value:

Contract Services Rendered:

Dear Sir:

The purpose of this letter is to request the assistance of the Afghanistan Revenue Department of the Ministry of Finance in issuing the appropriate tax clearance and exemption letters on behalf of Name of company, JCXS ID, AISA license, and TIN under the contracts identified above. Name of company will provide the Ministry of Finance, Rulings and Tax Exemption Office, and the Afghanistan Revenue Department with a copy of this Tax Exemption Letter and the relevant contract(s).

Our records indicate subject contract was performed by Name of Contractor for the United States Forces. This contract was awarded by a United States Forces contracting office, using DoD appropriated funds, in support of the United States Forces in Afghanistan for the purposes and activities authorized in the Security and Defense Cooperation Agreement (SDCA) Between the United States of America and the Islamic Republic of Afghanistan which entered into effect on January 1, 2015. In accordance with this agreement, we request the Afghanistan Revenue Department issue a tax exemption certificate in favor of Name of Contractor for subject contract.

Articles 16 and 17 of the SDCA contain provisions which apply to United States contractors and contractor personnel. The term United State contractors is defined by the agreement to include subcontractors. Art 11 indicates that United States Forces may enter into contracts for the acquisition of articles and services, including construction, in the territory of Afghanistan. Further, under the terms of the SDCA, Afghanistan recognizes that United States Forces are bound by the laws and regulations of the United States in the solicitation, award, and administration of such contracts.

The Agreement contains broad tax exemptions:

“United States contractors may import into, export out of, re-export out of and transport and use in Afghanistan any equipment, supplies, materiel, technology, training, or services. The authorizations … do not cover the activities of United States contractors that are not related to the presence of United States forces in Afghanistan.”

“The importation, exportation, re-exportation, transportation, and use of any articles brought into Afghanistan … [by United States Contractors]…shall not be subject to restrictions, such as licensing, inspection, or verification, except as provided in this Article, or taxes and customs duties or other charges assessed by government authorities in Afghanistan within the territory of Afghanistan.”

“United States contractors shall not be liable to pay any tax or similar or related charges assessed by the Government of Afghanistan within the territory of Afghanistan on their activities, and associated income, relating to or on behalf of United States forces under a contract or subcontract with or in support of United States forces. However, United States contractors that are Afghan legal entities shall not be exempt from corporate profits tax that may be assessed by the Government of Afghanistan within the territory of Afghanistan on income: received due to their status as United States contractors.”

“United States contractors are subject to Afghan requirements regarding employer withholding of personal income tax from United States contractor employees who normally reside in Afghanistan and from United States contractor employees who are Afghan nationals for payment to Afghanistan as required by the laws and regulations of Afghanistan.”

“United States contractor employees who do not normally reside in Afghanistan and United States contractor employees who are not Afghan nationals shall not be liable to pay any tax or similar or related charges assessed by the Government of Afghanistan within the territory of Afghanistan on their activities, and associated income, relating to a contract or subcontract with or in support of United States forces.”

Based on the foregoing, I respectfully request that the Afghanistan Revenue Department facilitate the prompt issuance of a tax exemption letter(s) or certificate(s) to Name of Company to help ensure the timely and successful implementation of the activities under the Agreement.

I thank you for your assistance in these matters.

Sincerely,

Name

Rank, Title

Chief of the Contracting Office