

Afghanistan Public Policy Research Organization



Re-conceptualizing Corruption In Afghanistan: An Institution of Bad Governance

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Project Report

موسسه مطالعات عامه
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About the Researchers

All researchers at APPRO contributed, to varying degrees, to research design, data collection, analysis, and the final writing of this report.

About Citizens' Forum Against Corruption (CFAC)

Citizens' Forum Against Corruption (CFAC) was established in late 2015 to build on the momentum to fight corruption in Afghanistan through a civil society driven initiative. CFAC act as a forum through which civil society organizations, businesses, international donors, and ordinary citizens could protect themselves on legal grounds against extortion by corrupt officials and demand legislative reform and other actions to curb corruption. To this end, CFAC has a mandate to:

- Identify the capacity needs of NGOs, private sector entities, and local and national authorities in conduct of good governance practices with a focus on anti-corruption, knowledge of the policy process, and legal literacy and awareness raising on the utilization of the existing legislation against corruption.
- Strengthen civil society's oversight of policy processes and government reforms on anti-corruption with a focus at the local level through needs-based capacity building interventions.
- Strengthen accountability, transparency, and thus legitimacy of local and national authorities through informed, pragmatic and constructive advocacy messaging by civil society (including the private sector) on anti-corruption, and adequate and accountable response to these messages from governmental authorities.

Activities of CFAC are conducted through the Anti-corruption Sub-committee of the National Advocacy Committee for Public Policy (NAC-PP). For more information on CFAC and NAC-PP, see: www.nac-pp.net

About APPRO

Afghanistan Public Policy Research Organization (APPRO) is an independent social research organization with a mandate to promote social and policy learning to benefit development and reconstruction efforts in Afghanistan and other less developed countries through conducting social scientific research and monitoring, evaluations, and training and mentoring. APPRO is registered with the Ministry of Economy in Afghanistan as a non-profit non-government organization and headquartered in Kabul, Afghanistan with offices in Mazar-e Sharif (north), Herat (west), Kandahar (south), Jalalabad (east), and Bamyan (center). APPRO is the founding member of APPRO-Europe, registered in Belgium.

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Photo: Lucile Martin. The writing on the left says: "I grew up with halal food, my father is not corrupt." The writing on the right says: "I see you. Corruption cannot be hidden from God and people's eyes."

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Executive Summary

This baseline assessment was carried out to support the work of CFAC and efforts by civil society organizations, government authorities, and international donors in anti-corruption by providing in-depth insights into the tax assessment, payment, and collection processes at the Revenue Department of the Ministry of Finance, particularly in the Small, Medium-sized, and Large Taxpayer Offices (STO/MTO/LTO) and make practical recommendations on how to curb corruption in these processes.

In late 2016, APPRO conducted research in Kabul, Mazar-e Sharif, Herat, Kandahar, and Jalalabad on the interactions between taxpayers (NGOs and private sector) and tax collectors (mainly MTO but to a lesser extent also LTO and STO). This research was designed to establish the extent of predatory corruption in tax assessment, payment, and collection to identify the actors, factors, and mechanisms that facilitate corruption and to identify pathways to curb corruption as a necessary condition for good governance.

The research finds that:

- Willingness to pay bribes by taxpayers is comparable in terms of being instituted to the predictable demand by corrupt officials for bribes to speed through a tax file or to reduce the amount of tax payable.
- Many tax paying entities without power, connection, or patience give in and thus contribute to the corrupt system by paying a bribe or enlisting the services of *komishankars* (fixers) for dealings with tax officials, payment of their taxes, and obtaining tax clearances.
- The tax paying entities resisting demands for bribes or asking for legitimate service from tax officials risk intimidation by corrupt tax officers and the threat of being penalized the next time or being reported to the relevant Investigation Unit of one of the three tax offices.
- Methods of asking for bribes have become simultaneously more blatant and more sophisticated.
- Completion of tax forms is an arduous and unclear process, with frequent changes to the procedures without notifying the taxpayers. To complete their forms most taxpayers need guidance, either in the form of service advice from tax officials or from tax professionals. The advice from the tax offices and professionals comes at a cost, however, and typically contains a bribe element, payable either by the taxpayer to the corrupt tax official directly, or indirectly by the tax professional acting as the fixer for the taxpayer. The key operating term in tax clearance is *joor amadan*, or coming to an arrangement, rather than proper, documented assessment, payment, collection, and issuance of clearance.
- There is a widespread view among taxpayers that most victims of extortion in tax payment want to complain and claim their legal rights but that they are discouraged by cases of people who have contested corruption in the tax assessment and payment processes and have subsequently been subjected to retaliatory action by the corrupt tax officials that were the subject of their complaints.
- There is strong evidence that most victims of extortion would be willing to report extortion but on the condition that they are protected from subsequent persecution by corrupt tax officials.
- Better use could be made of pre-existing structures such as trade associations to curb corruption. Associations exist for all trades, representing members in disputes with the government, particularly on the issue of taxes and reforms to the Tax Law. In many cases, however, assistance from associations to their members on tax related issues takes the form of fixing problems, often involving *joor amadan*, rather than championing or defending their members' legal rights.

- Awareness of legal provisions against corruption remains low and many taxpaying entities do not even have copies of the Tax Law on their premises. Many taxpaying entities also lack proper documentation systems, including financial record keeping, and are unable or unwilling to provide full documented transaction records to tax assessors. Not having a full documentation system makes taxpayers vulnerable to extortion by corrupt tax officials.
- Live recording of taxpayer / tax collector interactions in STO, MTO, and LTO may be a relatively easy technical fix to deter corrupt behavior by both taxpayers and tax officers, increase transparency and accountability, and collect evidence to prosecute offenders. Another deterrent may be the fuller digitization of tax assessment, payment, and collection processes to eliminate “the human factor” from monetary transactions in payment and collection of taxes.

Fighting corruption in other contexts clearly shows that corruption cannot and must not be viewed as merely a technical problem that can be fixed by capacity building, equipment support, or legislation. Fighting corruption has to be a multi-prong, multi-actor intervention, adequately resourced, and long term oriented. As such, fighting corruption necessitates a sea change, driven by technical intervention, ongoing dialogue, re-education aimed at cultural change, civil society push and participation, committed and responsive state authorities and, in the case of Afghanistan, committed international donors in action as well as words.

Recommendations

Understand Corruption, Its Drivers, and Manifestations: There is dearth of knowledge on precisely where and how corruption operates and sustains itself. There is also a poor understanding of exactly how corruption undermines the economy and thus political stability. Appendix 1 outlines a number of areas requiring in-depth, ongoing research. Efforts should be made by the government and its international donors to commission research into these and other areas to feed into a much needed knowledge base on corruption and ways to curb it.

Mainstream Anti-corruption: Organize multi-stakeholder public events on the seriousness of corruption in Afghanistan and how corruptions undermines national security. Appeal to Islamic principles to argue against corruption. Alert media to the problem of corruption in tax payment and tax collection and link the problem to the general concern about insecurity and lawlessness. Raise general awareness about everyday corruption by whatever means necessary, from billboard messaging to graffiti in public places and anti-corruption teaching in early and middle education.

Set up Independent Complaint Mechanism: Set up a non-government, non-profit, independent and responsive complaint mechanism for reporting corruption anonymously, staffed by professionals drawn from the accounting profession and civil society on a rotating basis. Regular monthly or quarterly reports of these complaints could be used to inform government action on anti-corruption.

Establish a Class of Professional, Independent Tax Consultants: Since taxpayers have little time to go through the complicated process of completing forms, even in digitized form, and preparing support documentation, there is substantial demand for professional tax consultants and komishankars who could do this on behalf of the taxpayer. Given the damaging role played by komishankars and unregulated consultants in sustaining corruption in the tax offices, efforts should be made to eliminate komishankars and unregulated consultants and replace them with qualified, independent, and licensed

tax consultants. This would be particularly effective if coupled with digitalized tax forms to be completed online by the taxpayers.

Establish Professional Accreditation and Processes for Tax Office Personnel: End nepotistic appointments at the three tax offices and appoint new officers based on qualification and merit. Appointments should be made with oversight from independent, civil society-based bodies. Enforce strict separation of duties between tax assessment, procedural advice, and tax collection functions.

Scrutinize Assets-Income Ratio of Public Officials: Establish a system of annual total asset declaration for all tax office personnel as the condition of continuing employment. Take action, starting with income source verification, on those officers who have amassed asset and money above and beyond their accumulated salaries.

Set Up Anti-corruption Vice Squad: The vice squad could be used for monitoring of taxpayers and tax officers to identify bribe givers and bribe takers and to bring charges to prosecute them. The personnel for the vice squad must be rotated on a regular basis to prevent capture.

Set Up Reward System for Anti-corruption: Taxpayers and tax officers who play roles in preventing bribery should be recognized for their service and rewarded accordingly.

Simplify and Standardize Tax Forms: There little or no need for a multiple-page documents to be filled out by the taxpayer. There is also no justification for penalties for incorrectly completing a form. The form should be shortened and the penalty removed. In addition, accurate procedures and steps for filing taxes at all 3 tax offices must be established, using the written word and symbols to ensure the illiterate can also follow the procedures and steps.

Provide Full Access to Tax Law and Amendments: All requests for information and documentation by tax officials must be tied to the legal provisions within the Tax Law and its various amendments. In cases of disagreement the onus must be on the tax official to provide legal support for the requests for documents and information.

Increase Tax Law Literacy: Consideration needs to be given to Ministry of Finance-supported initiatives on Tax Law literacy with a focus on the legal requirements and the rights and obligations of the taxpayers. Such initiatives would work best if carried out in close collaboration with taxpayers' groups and business associations.

Address Needs of Small Businesses: Particular attention should be paid to how to tax micro and small businesses which typically lack records of their transactions, have little or no literacy or business management systems, and thus are at the mercy of predating tax officials who could request arbitrary amounts as taxes payable. Small and micro businesses falling into this category include shopkeepers, mechanics, or small restaurants.

Make Efficient and Effective Use of Digitization: There is no reason for not allowing taxpayers to complete their tax forms online and receive confirmation as to its state of completion. Removing the human factor in this process is likely to reduce opportunities for meddling by corrupt tax officials.

Strengthen Trade Associations: Many small businesses pay their taxes through their trade associations that are also sometimes victims of extortion by tax officials. Measures should be taken to professionalize

the guild-type associations by training them on how to utilize laws to combat corruption and protect their members. Additionally, equip the associations with evidence that could be used in their engagement with tax and other government authorities, including different forms of advocacy and public awareness campaigns through the media.

Monitor and Act on Taxpayer-Tax Collector Interactions: As a deterrent to bribery initiated by both the taxpayers and corrupt tax officials, consider installing cameras that record all interactions in STO, MTO, and LTO and keep the records for at least one month.

Adopt International Anti-corruption Standards for Government Transactions: With the full establishment of the National Procurement Authority in Afghanistan with a mandate to institute a cost effective and transparent procurement system to control public expenditure and decrease corruption, there is a unique opportunity for the Government of Afghanistan to lead by example and adopt ISO 37001, guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.

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Background

In late 2010, corruption and its many manifestations in Afghanistan began to emerge as a crosscutting theme in all research, evaluations, and monitoring undertaken by Afghanistan Public Policy Research Organization (APPRO), despite the fact that until then none of the projects by APPRO had had a focus on corruption. It soon became apparent that conducting research, evaluation, and monitoring without paying attention to the rapid rise of corruption as a dominant crosscutting theme was tantamount to doing development research in Afghanistan without paying attention to gender relations. As a result, in 2011, APPRO started making a series of presentations on the types and extent of corruption in all facets of life in Afghanistan, the key drivers of corruption, and some of the ways in which corruption could be brought under control.

A major insight that emerged in collecting evidence on and the political economy of corruption and exploring ways of fighting it was that the overemphasis by the international donors and, more broadly, the public that corruption was almost entirely the product of government irresponsibility and failure – a conviction that was, perhaps, misplaced and even unfair. A related insight suggested that the steadily stable equilibrium that had emerged to institute corruption in Afghanistan had not one, i.e., a government unable or unwilling to control it, but four key pillars that sustained it. In addition to the spread of corruption within the government, three other pillars sustaining endemic corruption needed closer examination and recognition of their significant roles. These pillars were identified as:

Private Sector and I/NGOs: willing to pay gratuities and bribes to minimize transaction costs, unwilling to press for change due to having no economic incentive and faced with the risk of being persecuted by vengeful corrupt officials, lacking access to responsive complaints making mechanisms, and having almost exclusive reliance on *komishankars* (middlemen) in dealing with tax collecting officials. It was also clearly apparent that tightening the administrative grip, and inevitably increasing red tape, as the means to collect taxes was likely to force the corrupt elements in the private sector toward paying even more bribes to avoid the higher transaction costs.

General Public: willing to please corrupt officials by paying bribes and not challenging authority or exercise right to service for fear of persecution, having low expectation of assistance or assurance from government and formal bodies, having a general tendency to minimize interaction with formal bodies and avoid conflict with authority – a psychological outcome of years of conflict-induced abuse by all forms of authority and the resultant trauma, having little or no hope in the future and thus unwilling to add to the general sense desperation by making a stance against corruption, having little or no access to a complaints making mechanism, and having no assurance that they would be protected if they resisted or complained about corruption.

International Donors: releasing staggering amounts of money into a dysfunctional and weak economy that had little or no absorptive capacity for the massive liquidity created by the injection of hard cash, particularly in the early years after 2001. This hyper liquidity caused, among other things, a distortion of the factor markets and the emergence of a large number of opportunistic ventures, many as non-government organizations (NGOs) but also a large number of for-profit development contractors, to cash in on the enormous sums of money being made available for a wide range of services with little or no oversight.

It is all but clear that all actors, to one degree or another, play a role in perpetuating corruption. Afghans and internationals working in Afghanistan have had little choice but to succumb to pressure and contribute to corruption in a country where there was, until the early 2000s, a tradition of shaming those who were thought to be taking bribes. The opposite has become the case in recent years: those who refuse to take bribes are now looked down upon as being unworthy, incompetent, or lacking courage.

Further analysis of the four pillars, i.e., government, private sector, general public, and international donors, sustaining corruption in Afghanistan revealed other insights, including the fact that anti-corruption made little or no appearance on the political agenda of the political parties, in elections, or in advocacy work by civil society organizations. In addition, the role media played in anti-corruption typically did not go beyond sensationalist exposés of some key individuals associated closely with the government. A key conclusion from the analysis was that political parties, media, the Parliament, private sector, and civil society organizations could and should play a much more pivotal role in mainstreaming anti-corruption and initiating a national dialogue on how corruption, unimpeded, threatened national security and undermined reconstruction and future development of Afghanistan. The analysis concluded that addressing systemic corruption in Afghanistan required:

- Explicit and coordinated action by civil society organizations against corruption in strategy, internal housekeeping, and dealings with corrupt officials in the government and international donor agencies or associates.
- Political parties placing anti-corruption high on their agenda and election strategy.
- Donor agencies paying much closer attention through monitoring, for example, to how their funds were being appropriated, or misappropriated, by the recipients of their funds.
- Administrative reform to minimize transaction costs, particularly in tax collection and basic service delivery.
- Linked with administrative reform, there would need to be wholesale replacement of the old guard, in age and habits, with younger, educated, and more committed male and female Afghans as the first step in professionalizing the civil service.
- Independent, multi-actor, civil society oriented oversight of government and international donors' budgeting and expenditure.

Achieving these ambitious goals would need to be based on current empirical evidence on how endemic corruption, as a deeply rooted system, evolves in reaction to attempts to curb it. The empirical evidence would need to come from ongoing efforts by multiple actors to resist and ultimately fight corruption, monitoring by multiple sources, and applied research examining different forms of corruption and possible ways forward in curbing them.¹

During the period 2013-2015, APPRO persistently engaged governmental agencies, anti-corruption civil society organizations (CSOs), and major donor organizations on the need to develop a fresh, systemic and systematic approach to combating corruption. In 2015, based on ongoing engagement with a number of NGOs and private sector entities, it transpired that there was systemic corruption in tax

¹ APPRO has compiled a comprehensive list of at least ten areas that need to be researched and better understood as the foundation on which to design anti-corruption programs in Afghanistan. See Appendix 1.

assessment, payment, and collection involving NGOs and private sector entities.² Further enquiries revealed that, due to corruption in the assessment, payment, and collection processes, the government was being cheated out of roughly three quarters of what it could collect if corruption in these processes were eliminated.

Citizens' Forum Against Corruption (CFAC) was established in late 2015 to build on the momentum to fight corruption in Afghanistan through a civil society driven initiative. The primary focus of CFAC is the systematic corruption in tax assessment, payment, and collection processes involving NGOs, private sector, and the Ministry of Finance in Kabul and its line departments in Herat, Mazar-e Sharif, Jalalabad, and Kandahar.³

Also, CFAC was set up with the expressed intention to act as a forum through which civil society organizations, businesses, international donors, and ordinary citizens could protect themselves on legal grounds against extortion by corrupt officials and demand legislative reform and other actions to curb corruption. To this end, CFAC has a mandate to:

- Identify the capacity needs of NGOs, private sector entities, and local and national authorities in conduct of good governance practices with a focus on anti-corruption, knowledge of the policy process, and legal literacy and awareness raising on the utilization of the existing legislation against corruption.
- Strengthen civil society's oversight of policy processes and government reforms on anti-corruption with a focus at the local level through needs-based capacity building interventions.
- Strengthen accountability, transparency, and thus legitimacy of local and national authorities through informed, pragmatic and constructive advocacy messaging by civil society (including the private sector) on anti-corruption, and adequate and accountable response to these messages from governmental authorities.

In late 2015, APPRO managed to secure part funding for a 4-year project (2016-2019) from the European Union Delegation – Afghanistan to examine the dynamics of and corruption in tax assessment, payment, and collection processes with the aim of generating new insights and practical recommendations on how to combat corruption with a central role being played by civil society including the private sector.

About This Report

This baseline assessment was carried out to support the work of CFAC and efforts by civil society organizations, government authorities, and international donors in anti-corruption by providing in-depth insights into the tax assessment, payment, and collection processes at the Revenue Department of the Ministry of Finance, particularly in the Small, Medium-sized, and Large Taxpayer Offices (STO/MTO/LTO) and make practical recommendations on how to curb corruption in these processes.

In late 2016, APPRO conducted research in Kabul, Mazar-e Sharif, Herat, Kandahar, and Jalalabad on the interactions between taxpayers (NGOs and private sector) and tax collectors (mainly MTO but to a lesser

² This corruption was two-sided in most cases, with corrupt officials demanding bribes on a regular basis while tax paying entities were willingly offering bribes as a means to reduce their tax expenses.

³ For more information on CFAC, see: <http://www.nac-pp.net/about-anti-corruption/>

extent also LTO and STO). This research was designed to establish the extent of predatory corruption in tax assessment, payment, and collection to identify the actors, factors, and mechanisms that facilitate corruption and to identify pathways to curb corruption as a necessary condition for good governance.

Research Objectives and Methodology

The broad aim of this research is to contribute to good governance through informed and constructive advocacy by civil society on anti-corruption to engage local and national government authorities and gain their support in fighting corruption in the tax assessment, payment, and collection processes. As such, the research sought to:

- Synthesize available information on drivers of corruption based on a review of the broader anti-corruption literature.
- Collect and analyze data on interactions between taxpayers and tax collectors to establish the key actors, factors, and mechanisms that sustain corruption in tax payments and tax collection.
- Generate recommendations on how to improve the interface between civil society and state authorities on curbing corruption in tax assessment, payment, and collection processes and contribute to efforts for instituting good governance in Afghanistan.

The longer term outcomes of this research and other activities related to CFAC are expected to be:

- Identifying and addressing capacity needs of civil society and state actors in curbing corruption and corrupt practices through professional training and mentoring.
- Institutionalized oversight by civil society of anti-corruption policy processes and legislative reform through the establishment of a civil society forum (CFAC) active at the national and provincial levels.
- Empowered civil society to protect itself against corruption, take constructive action to curb corruption and corruptive practices, and hold local and national government authorities accountable.
- Responsiveness of local and national authorities to actions on anti-corruption by civil society through a formal mechanism for sustained and constructive dialogue between state and non-state actors at local and national levels.
- Established sustainability of CFAC, through which public and private interests can engage to curb corruption.
- Increased tax revenues for the Government of Afghanistan

One hundred and eighty six (187) interviews were held with key informants in Kabul (37), Herat (38), Kandahar (44), Jalalabad (28), and Mazar-e Sharif (40). The key informants were drawn from NGOs, construction companies, education service providers, health clinics, manufacturers, manufacturing service providers, hotel and wedding hall operators, utility service providers such as plumbers and electricians, media operators, restaurants, shops, merchants (import/export), transportation companies, and travel agencies. See Appendix 2 for Interview Guiding Questions, Appendix 3 for the Survey Questionnaire, and Appendix 4 for Key Informant Coding Protocols.

Literature On Corruption: A Synthesis

Since the late 1990s there has been mainstream recognition internationally that corruption undermines economic growth by diverting resources and lowering investment, degrading the welfare of the poorest and most vulnerable citizens by increasing income inequalities, causing underfunding in education and health programs and undermining rule of law, and threatening national and international security by strengthening extra-state and transnational criminal organizations resulting in direct support to terrorism-related activities including arms smuggling, drug and other forms of trafficking, and money laundering.⁴ Corruption, defined in its most popularly used form as the misuse of public office for private gain, cannot be simply viewed or understood as a failure of government “but as a functioning system in which ruling networks use selected levers of power to capture specific revenue streams.”⁵ This systemic view of corruption also holds that corruption undermines development efforts and government legitimacy and effectiveness and results in increased distrust and indignation among ordinary citizens since corruption often combines with other risk factors such as ethnic, religious, and linguistic rifts and tensions.⁶

One key implication of this systemic, institutionalist view of corruption is that corruption cannot be treated only as criminal behavior by rogue agents driven to serve some principal beneficiaries, as has often been the case with how development aid interventions have thus far dealt with corruption in their involvements in post- and in-conflict countries and fragile states. Some have argued that endemic corruption displays properties of a key social, economic, and political institution with significant, and resilient, structuring capacity. As such, corruption cannot be brought under control through such measures as legislative reform, sanctions, or re-education alone.⁷ Widespread and systemic corruption needs to be understood and tackled based on an analysis of rule sets surrounding a state’s elite composition, elite accountability, degree of citizens’ participation in governance (broadly defined), and methods of managing the state’s material resources.⁸

Under the circumstances imposed by systemic corruption the state functions on the basis of one or multiple kleptocratic networks that maintain control in the government and capture the key functions through force, or threats of using force, both explicitly and discreetly against those that resist or challenge their rule.⁹ In effect, in many in-conflict and fragile states,

⁴ See, in particular, Collier, W.M. (2002), “Explaining corruption: An institutional choice approach.” *Crime, Law & Social Change*, 38: 1–32 and Carnegie Endowment for International Peace - CEIP (2014), *Corruption: The Unrecognized Threat to International Security*. (Washington, DC: Carnegie Endowment for International Peace). See, also, Mauro, P. (1995), “Corruption and Growth.” *The Quarterly Journal of Economics* (110: 681–712); Tanzi, V. and Davoodi, H. (1997). *Corruption, Public Investment, and Growth*, IMF Working Paper WP/97/139, (Washington DC: International Monetary Fund); and Tanzi, V. (1998). *Corruption Around the World: Causes, Consequences, Scope, and Cures*, IMF Working Paper WP/98/63, (Washington DC: International Monetary Fund).

⁵ CEIP (2014: 1). See, also, Torabi, Y. (2012), Occasional Paper No. 15, The Growing Challenge of Corruption in Afghanistan: Reflections on a Survey of the Afghan People, Part 3 of 4.

⁶ See, for example, Collier (2002) and CEIP (2014).

⁷ See, for example, Teorel, J. (2007: 1), Corruption as an Institution: Rethinking the Nature and Origins of the Grabbing Hand. QoG Working Paper Series 2007 (5), (Göteborg: Göteborg University, The Quality of Government Institute).

⁸ Collier (2002: 14). Also, see Appendix 1 for examples of areas that should be researched and better understood in efforts to fight corruption.

⁹ *Ibid.* page 7.

... corruption *is* the system. Governments have been repurposed to serve an objective that has little to do with public administration: the personal enrichment of ruling networks. And they achieve this aim quite effectively. Capacity deficits and other weaknesses may be part of the way the system functions, rather than reflecting a breakdown [emphasis in original].¹⁰

Structured kleptocracy functions based on a vertical integration of networks, characterized by an elite that takes in the lion share of extorted or stolen funds, and the additional levies from bribes collected by petty criminals in extortive government positions. The petty bribe takers purchase their positions, often at staggering prices, based on the bribe-taking utility of the positions and the certainty of the prospect of paying back the debt incurred to buy the position, through collection of bribes extorted from a hapless and increasingly discontented public. In these situations,

Shakedowns become a daily feature of ordinary people's lives, often inflicted with a humiliating arrogance that adds a psychological twist to the material hardship victims suffer. For those living under them, these governments become a source of lacerating shame.¹¹

For a systemic understanding of corruption as an institution of (bad) governance, some have suggested layering different forms of corruption as follows. Petty corruption takes place at the lowest level and consists of bribes changing hands in everyday interactions between low-level public officials and citizens. Exchanges made within the bureaucratic hierarchy takes place at the next level, consisting of various forms of embezzlement and procurement kickbacks. At the highest level monetary exchanges are made to exert influence over political institutions, such as undermining elections, corrupting the judicial process or influencing the news media.¹² Collectively, these arrangements structure interactions at all levels of society and throughout the entire system, complete with a set of norms on what is acceptable and what is not for both the officials and the citizens. Put differently, there are prescriptive statements on how to be corrupt that constitute the rules in action, the rules that make people active participants within stable and relatively predictable arrangements, otherwise known as institutions. These institutions are recognizable patterns or structures through which society functions and is governed.¹³

In many in-conflict and fragile states, corruption is an entire system of intricate prescriptions and norms, tangible and intangible arrangements, and reasonably clearly defined roles for various actors. As an institution, corruption creates stability for a ruling elite built on shaky foundations and lacking legitimacy and one whose top political leadership is willing to implement an implicit policy of offering monetary and other material rewards to keep the peace with contending kleptocratic networks that present a

¹⁰ CEIP (2014:3). See, also, Torabi (2012).

¹¹ CEIP (2014: 8). In the case of Afghanistan, there is much anecdotal evidence on buying and selling positions with good bribe-generating potentials, allowing the buyers to pay back the purchase price over time and from funds extorted from the public. Teorel (2007: 9-10) makes the same point, citing Cadot (1987).

¹² Based on Karklin's (2005: 25) "typology of corruption", cited in Teorel (2007: 9).

¹³ Onuf, N.G. (1997). "A Constructivist Manifesto," in K. Burch and R.A. Denemark (eds.), *Constituting International Political Economy* (Boulder, CO: Lynne Rienner Publishers), cited in Collier (2002: 11). See, also, Ostrom, E. (1999), "Institutional Rational Choice: An Assessment of the Institutional Analysis and Development Framework," in Sabatier, P.E. (ed.), *Theories of the Policy Process* (Boulder, CO: Westview Press), pp. 35-71. On the links between governance and institutions, see Parto, S. (2015), *Policy Analysis and Institutions of Governance: Analyzing.... What?*, available from: <http://appro-europe.net/policy-analysis-and-institutions-of-governance-analyzing-what-2/>

threat to the ruling elite.¹⁴ Under these conditions, there is little or no room for the victims in terms of recourse to demand justice or transparency since everyone in a position of power is either corruptible or forced by higher ups in the hierarchy to act corruptly.¹⁵ Corruption cannot and must not be viewed as merely a symptom of administrative incompetence or abuse, and fixable by provision of resources and transfer of administrative skills.¹⁶ Corruption as an institution of governance has its pillars in social, economic and political spheres. Since institutions are by design resilient and resistant to change, fighting corruption needs to be contextualized by taking stock of the full range of other institutions that facilitate it and constitute it as a mature social, economic, and political system. The next task would be to determine whether and how any of the key factors and structures that sustain corruption could change, using what types of interventions and resources, and over what period of time.

Key Challenges in Fighting Corruption

Most of the key characteristics of good governance, i.e., accountability, transparency, rule of law, responsiveness, inclusivity, effectiveness, efficiency, and participation have been historically weak or missing from the mode of governance in Afghanistan while a crosscutting theme undermining efforts since 2001 to institute these elements has been, increasingly, systemic corruption. Open, exploratory, and non-defensive dialogue between civil society and state authorities is needed to commit to measures that can bring corruption under control as a pre-condition of good governance in Afghanistan. But, this will be no small feat or a quick fix.

It is by now well established that endemic corruption, the world over, has the properties of a self-enforcing equilibrium, complete with its own support system of rules, actors, factors, and mechanisms. It is also well established that mechanisms that support rules, actors, and factors are context-specific and, as such, overpowering or replacing them requires tailor-made measures based on in-depth knowledge about the intricacies of the context. Because of context specificity, identical anti-corruption interventions in two or more corrupt systems are likely to yield significantly different results. This difference in outcomes is attributed to differences in the institutional landscape linking social, economic, and political spheres.¹⁷

In almost all contexts, measures to fight corruption tend to be confined largely to regulatory reform (and efforts to implement it) and technical capacity building. This is understandable since effecting high level, regulatory reform and delivering capacity building training are relatively straightforward tasks (and conveniently expensed in budgetary terms) as they are focused on inputs and dealing with tangible issues – not outcomes and impacts that would require many harder-to-budget activities. The more difficult elements of a corrupt system, i.e., its socio-cultural and economic institutions, are much harder to change even if they are fully identified and inventoried, and take a very long time. In recognition of this difficulty, some have suggested that corruption could only be addressed “through grassroots changes in a state’s political, economic, and cultural institutions – changes that are not only technical but also social in nature.”¹⁸

¹⁴ Based on Rose-Ackerman (1999: 82-4) and Bueno de Mesquita et al. (2003:102-3), cited in Teorel (2007: 9).

¹⁵ Basu et al. (1992), cited in Teorel (2007: 10).

¹⁶ See, for example, Svensson, J. (2007), Eight Questions About Corruption, *Journal of Economic Perspectives*—(19:3), pp. 19-42.

¹⁷ See, for example, Teorel (2007) and Svensson (2007).

¹⁸ See Collier (2002: 20). See, also, Svensson (2007: 34-35).

Given the close association made by many between low government wages and corruption, particularly in less developed countries, a longstanding position in development analysis has been to argue for increases in wages so that wages are above the corrupt officials' "opportunity wage" as a means to make the corrupt officials behave honestly.¹⁹ Research on this issue suggests, however, that wage incentives are effective only under certain conditions, and as part of a broader package of incentives. The simple fact is that sometimes the opportunity wage is too high to be matched by the increase in wages or that an increase in wages will only strengthen the bargaining position of the corrupt officials in demanding higher bribes.²⁰ Other conditions, such as more effective law enforcement and transparency and accountability of financial institutions, are also difficult to meet in less developed and turbulent environments given the inherent weaknesses in state's legitimacy and its means to enforce laws, combined with weak and/or corrupt judiciary, police, and financial institutions.²¹

The spread of corruption, its different manifestations, and magnitude have sometimes resulted in (ill-conceived) differentiations between different forms of corruption as a means to deal with the most serious of all manifestations. For example, in 2010 the U.S. policy in Afghanistan made a differentiation between "grand corruption" by high-ranking government officials, the petty but widespread corruption in delivery of basic services by government and non-government officials, and "predatory corruption" perpetrated by police among others.²² While mapping different forms of corruption is informative about how the total system works with the purpose of designing packages of measures to deal with them, isolating selected manifestations such as grand corruption as priority while neglecting others is counterproductive in defeating corruption as a whole, interconnected, and fully functioning system. The bribes changing hands in petty and predatory corruption are usually small, compared to the sums involved in grand corruption. Added together, however, and given the wide spread of these forms of corruption in all forms of service delivery in contexts such as Afghanistan, estimates of the total bribes in petty and predatory forms are put at between 2-4 billion USD.²³

The simultaneously chronic and acute state of corruption in Afghanistan and its intricate and sophisticated dynamics have given to the widespread view among Afghans and international observers that in Afghanistan there is now a well-established "culture of corruption." On hearing this many are, understandably, offended that such a negative attribute is given to a whole country and its culture. For a better understanding of corruption in Afghanistan, and devising measures to bring it under control, this alleged cultural attribute needs closer examination.

Culture and Corruption

Culture is an evolving combination of values and beliefs shared by ethnic, religious, and social groups such as professional classes and political parties in response to their physical, economic, social, and

¹⁹ Becker and Stigler (1974), cited in Svensson (2007).

²⁰ Svensson (2007: 32-3). This is particularly the case in Afghanistan where a corrupt officer directly involved in handling tax returns or customs duties can make upwards of 10,000 USD per month, an opportunity wage unmatchable by any justifiable increase in official wages.

²¹ Time and again, there have been example cases of these weaknesses in Afghanistan since 2002.

²² See for example, Adam Entous, Julian Barnes, and Siobhan Gorman, "U.S. Shifts Afghan Graft Plan," *Wall Street Journal*, September 20, 2010, cited in CEIP (2014: 9).

²³ CEIP (2014: 10-11).

political environments.²⁴ The core values and beliefs within a culture are less affected in this evolutionary process than the secondary aspects, which, in contrast to values and beliefs, tend to change through learning in response to new situations over time. To illustrate, in Afghanistan there is widespread belief that taking or giving bribes is against Islamic values. While the values and the general belief in them remain intact, at least in scripture and words, the attitude of individuals (i.e., the secondary aspects of the belief in Islamic values) can change in the corrupt individual based on the opportunity to take or give bribes. The change in the secondary aspect, or day-to-day activity, is usually based on an opportunity to take or give bribes and the need for a justification. In Afghanistan this justification, particularly by those who also publicly display their belief in fundamental Islamic principles and yet are involved in stealing or extortion, is *ghanimat* (see below) and thus *halal* or permissible.

Political culture, a subset of overall culture, can assume different characteristics depending on physical and material conditions within a nation state. The description of “collectivist” political cultures provides useful insights for a better understanding of in-conflict and fragile states:

Collectivist cultures spawn segregated societies. Social and economic transactions in collectivist cultures are organized around small groups defined by familial, kinship, tribal, ethnic, religious, or other social relationships. Each group tends to have its own narrow base of interest. Paternalism, the idea that the father or group leader decides what is best for the family or group, is a main organizing concept. Intra-group contract enforcement in collectivist cultures is achieved through informal economic and social institutions. Most transactions in collectivist cultures are personal, the majority conducted face-to-face. Loyalty to the individual’s group and maintaining the traditional status quo are governing rules of collectivist cultures. While there is strong cooperation within collectivist groups, non-cooperation is more characteristic of the relations between members of different groups. ... Citizens in collectivist political cultures interact with the ruling elite in two primary ways. First, citizens retreat into the safety of their respective groups and expect either few services and benefits from the government, or that the ruling elite’s paternalism will provide for their needs. Second, citizens, often entire groups, establish strong patron-client dependency relationships with members of the ruling elite. Under a system of informal reciprocity, the clients (citizen/group) pledge their economic and political support to the patrons (ruling elite) for access to government resources. ... Politics is considered a privilege in collectivist political cultures and those active in politics are expected to benefit personally from their efforts. Collectivist polities are centrally organized with the small, powerful ruling elite at the central core and the array of differentiated groups subordinated around. The rule of law is usually weak in collectivist political cultures.²⁵

Collectivist political cultures are further characterized by a ruling elite that collectively acts as “pirates”, operating mainly on the illegal side of the law and pillaging their society’s resources through their access to public office. Under these conditions, corruption takes over all facets of life like an infestation, rather than a localized, *ad hoc*, or sporadic phenomenon.²⁶ As such, a culture of corruption is both formal, though perhaps mostly habitual and undocumented, and prevailing in that “agents follow its rules for decades if not centuries, requiring nothing short of a gargantuan effort over a lengthy period” to change it.²⁷

²⁴ See, for example, Alesina, A. and P. Giuliano (2013: 4), Culture and Institutions, NBER Working Paper No. 19750, available from: <http://www.nber.org/papers/w19750.pdf>

²⁵ Collier (2002: 8-9)

²⁶ Alatas, H.S. (1990: 5), *Corruption: Its Nature, Causes and Functions* (Aldershot, England: Gower Publishing Company), cited in Collier (2002: 12).

²⁷ Collier (2002: 26). For a similar argument, see also: Teorel (2007: 11)

Different types of collectivist political culture and related problems spew different types of systemic corruption, each of which has its own values and meanings for what constitutes corruption along a normative continuum of white, gray, and black.²⁸ White corruption refers to corruption in its most widespread, systematic, and condoned form in that the majority of the elite and the citizens would not support or expect attempts to punish corrupt behavior. Gray corruption refers to situations where some elements, among either the elite or certain groups of citizens, may want to see corrupt behavior punished while others may not. Black corruption refers to situations where the majority consensus of both the elite and citizens condemns corrupt behavior and wants it punished.²⁹

Based on this typology, Afghanistan could be placed somewhere on the border of gray and white corruption, with certain minority elements from elite and citizens wanting to see action to punish corruption but that corruption as a behavior and a key institution of governance continues to hold firm sway.

Corruption in Afghanistan: Current Status

Corrupt actors, national and extra-national, have made fortunes robbing their fellow human folk of billions of dollars of aid money that have been flowing into Afghanistan since 2001. Research and evaluations by Afghanistan Public Policy Research Organization (APPRO) and others in Afghanistan have revealed time and again that corruption is now a serious threat to social, economic, and political stability of the country. Corruption has become part and parcel of how donor aid funds are expensed, how ordinary people go about their daily lives, and how private sector actors conduct their business activity. There is corruption in taxation, business licensing, customs fee collection, basic service delivery in health, education, and justice, and access to public utilities such as electricity.

All actors, to one degree or another, play a role in perpetuating corruption. Afghanistan is consistently ranked as one of the most corrupt countries in the world, based on perception surveys conducted by Transparency International on a regular basis.³⁰ Numerous statements by President Ghani and others have renewed the urgency of curbing corruption in Afghanistan. Such statements indicate that despite Afghanistan's many challenges there is some political will within the government and among the international donors to make serious efforts to curb and ultimately eliminate corruption.

Corruption accentuates various forms of inequality, particularly in gender relations. Because of systematic gender inequality women tend to have lower literacy levels and therefore lower knowledge of rights and entitlements to basic rights including access to services. As such, women are at a disadvantage to "play" the system by paying bribes and are often subjected to mistreatment and abuse by men in positions of power. A key outcome of corruption in gender unequal environments is the further marginalization of women in daily life, workplace, and politics.³¹

²⁸ This typology is based on Collier (2002).

²⁹ *Ibid.*

³⁰ See Transparency International, at: <https://www.transparency.org/country/AFG>

³¹ See, for example, Swedish International Development Cooperation Agency (2015), Gender and Corruption, available from: <http://www.sida.se/contentassets/3a820dbd152f4fca98bacde8a8101e15/gender-and-corruption.pdf> and UNDP and UN Women (2010), Corruption, Accountability and Gender: Understanding the Connections, available from: <http://www.undp.org/content/dam/aplaws/publication/en/publications/womens->

More generally, as of 2015, citizens were subjected to at least 32 different expressions by corrupt officials to alert them to the fact that receiving services would require the payment of bribes.³² The overwhelming majority of the citizens are not able to resist or contest requests for bribes due, mainly, to the fact that they are often unaware of their fundamental rights or afraid of questioning authority due to the fear of the consequences. Many citizens forced to pay bribes often feel remorse and “sinful” but also helpless. For all intents and purposes, corruption is now fully institutionalized in Afghanistan, particularly in petty and predatory forms (see above) but also in the form of grand corruption.³³

The transfer of culture from generation to generation in Afghanistan has been affected and shaped by numerous intervening events and shocks, including much wider and easier availability of money since 2001, originating from international donors and governments. Looked at more closely and in light of the available information in the broader literature on corruption and its institutionalization in social, economic, and political spheres, there are valid arguments for referring to corruption as a current, predominant cultural practice in Afghanistan, particularly in spaces where there have been close interaction and transactions between Afghans and internationals with funds.³⁴ One key piece of evidence in support of this positioning of corruption in present-day Afghanistan is the subversion of traditional values and meanings to justify taking or giving bribes.

To illustrate, when confronted with the charge that taking bribes is against the principles of Islam, corrupt officials and various types of professionals give the justification that taking foreigners’ money in bribes is *ghanimat*, a war trophy, in a holy war against infidels that apparently has not yet ended. Some give the justification that they are taking as much bribe as possible because “it belongs to the Afghan people.” Yet others make the plain justification for bribery that, given Afghanistan’s uncertain future, those with access to funds have the moral right to take as much of it as possible by whatever means necessary. Overwhelmingly, public opinion about administrative corruption in Afghanistan does not agree with these rationalizations.

Work by APPRO and other organizations on corruption since 2010 shows clearly that administrative corruption is seen by the vast majority of Afghans as self-serving and in violation of Islamic principles.³⁵ Corruption happens because the perpetrators benefit from the political culture of impunity and thus have no fear of the consequences of abusing the public, while the public has been historically traumatized by abusive authority and feels unprotected if it dares to contest demands by corrupt officials for bribes in return for services. This current culture of corruption has not, however, always been so present and endemic in Afghanistan.

[empowerment/corruption-accountability-and-gender-understanding-the-connection/Corruption-accountability-and-gender.pdf](#)

³² This number is based on a rolling inventory taken annually by APPRO, based largely on the experiences of its personnel dealing with officialdom for various needs and purposes. This section draws liberally from a policy brief on administrative corruption in tax collection in Afghanistan by APPRO (2016), available from:

<http://appro.org.af/policy-brief-administrative-corruption-in-tax-collection/>

³³ For the latest status on grand corruption in Afghanistan, see McLeod, G. (2016), USIP Special Report, “Responding to Corruption and the Kabul Bank Collapse.”

³⁴ See, for example, U4 Anti-Corruption Resource Center (2012), Lessons learned in fighting corruption in post conflict countries, available from <http://www.u4.no/publications/lessons-learned-in-fighting-corruption-in-post-conflict-countries/>

³⁵ See, for example, Integrity Watch Afghanistan (2016), National Corruption Survey (Kabul: IWA), available at: <https://iwaweb.org/national-corruption-corruption-survey-2016/>

Corruption in Tax Assessment, Payment, and Collection

A key area for petty and predatory corruption in Afghanistan is in the assessment, payment, and collection of taxes involving non-government organizations (NGOs) and private sector entities on the one hand and the Small-sized Taxpayers' Office (STO), Medium-sized Taxpayers' Office (MTO), and Large-sized Taxpayers' Office (LTO) at the Revenue Department of the Ministry of Finance on the other. The process works as follows.

STO deals with small shops, restaurants, hotels, private schools, and training centers under a certain revenue rate. Any entity with annual revenue of over one billion Afghanis (approximately 20 million USD) falls under the mandate of LTO.³⁶ All NGOs fall under MTO. MTO also deals with private hospitals, clinics, universities, construction companies, and other private sector businesses whose annual revenue is over one million USD.

Taxes are typically accounted for and paid by the tax paying entity's finance or administration department. Entities also use intermediaries such as tax consultants or fixers (*kommishenkars*). Fixers make up around 50 percent of the intermediaries dealing with MTO on behalf of different entities. Fixers may be external to MTO or internal (as employees of the Ministry of Finance). The vast majority of MTO employees are open to act as fixers for a fee. A significant number of fixers are not trained or experienced accountants and act only as the go-between for a set fee for the taxpayer calculated on the basis of the amount of taxes owed.

The taxpayer's file first goes to the Administration Department of MTO, where the file is registered in an automated system (SICTAS) and a receipt is issued. SICTAS routes the tax file to the relevant department. The file is assessed and the preliminary tax payable (*maalijat ebtidaayi*) is confirmed or recalculated. The file is then sent to the department head for verification. After verification the file is sent up to the General Department, and then to the Head of MTO.

The initial stages in processing direct tax payment submissions by various entities are reasonably transparent, at least insofar as how the process is documented. However, there are no formal checklists for taxpayers to comply with, only different types of forms, given out randomly by MTO officers. The first signs of a bribe being sought by a corrupt officer begin to appear when the taxpayers are asked to resubmit their forms because of alleged or actual mistakes. These resubmissions create opportunities for corrupt MTO officers to gauge the willingness of the client to look for a short cut in the process, and hence the opportunity for bribes. With or without shortcomings in the submitted documentation, during the later stages of the process various issues are raised by corrupt MTO's tax assessors about miscalculations or omissions in the submitted documents, along with explicit suggestions on how the problems could be solved for a fee payable to the tax case officer or a fixer introduced by the tax case officer.

The process of tax assessment is different for smaller entities, typically shops and retail outlets. In many of these cases the entities are visited on a regular basis (monthly, quarterly, and annually) by officers from Small Taxpayers' Office (STO). Most of these small entities do not keep accurate or full records of their transactions. Tax assessments take place by the visiting STO officers based on estimates of the revenue for the period – not the net income or profit. This stage is the first opportunity for a corrupt STO officer to begin negotiations on how much bribe should be given by the small entity. A predictably

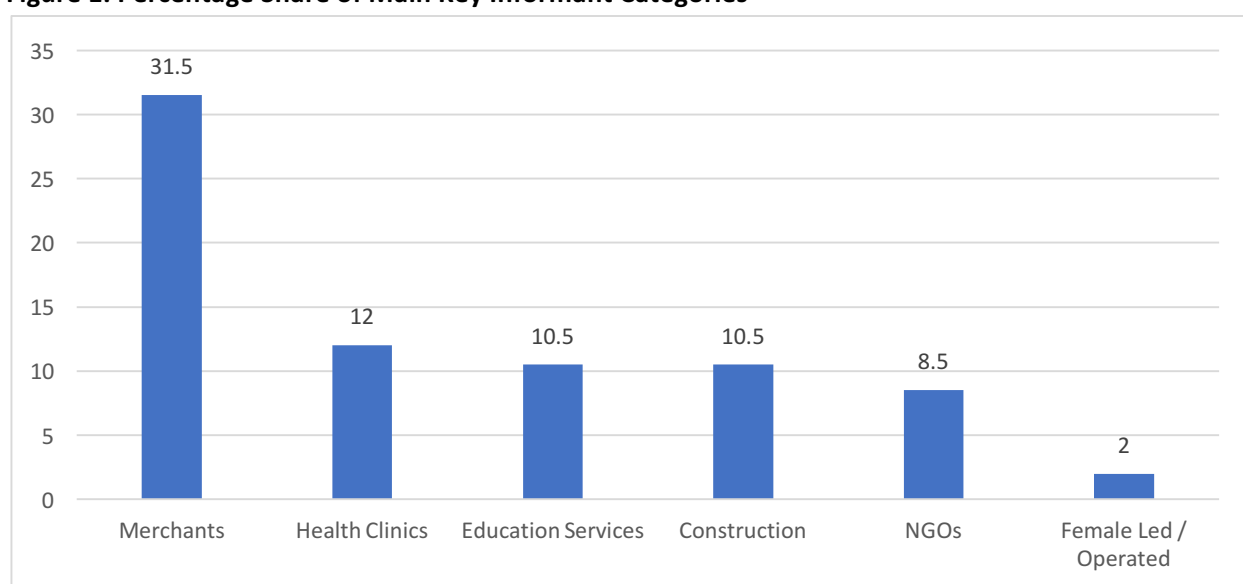
³⁶ The exchange rate used here is: 1 USD = 50 Afghanis. In 2017 the exchange rate is nearer to 1 USD = 68 Afghanis.

high estimate is given to the entity as taxes due since the base for the calculation is the overestimated total revenue. During the inevitable haggling that ensues the entity owner is given the choice of paying a lower amount if a bribe is paid, typically entered into a calculator – as opposed to being spoken or written down – by the corrupt tax officer. Not complying with the amount requested can result in retaliatory behavior by the corrupt officer during the next visits. If dissatisfied with the business owner’s cooperation, a corrupt officer could also seal the shop or business on the charge of non-compliance with tax payment.³⁷

Analysis of Empirical Data

Of the entities interviewed, slightly over two percent were female led and operated. The highest percentages of the key informants were made up of merchants, health clinics, education service providers, construction firms, and NGOs (Figure 1).

Figure 1. Percentage Share of Main Key Informant Categories



n=187

The key findings in the next section are based on the analysis of the interview and survey data collected through interviews with key informants in Kabul, Mazar-e Sharif, Herat, Kandahar, and Jalalabad during September and November 2016. Of those interviewed and surveyed, 83 percent dealt with MTO, ten percent dealt with STO, and seven percent dealt with LTO.

Survey Findings

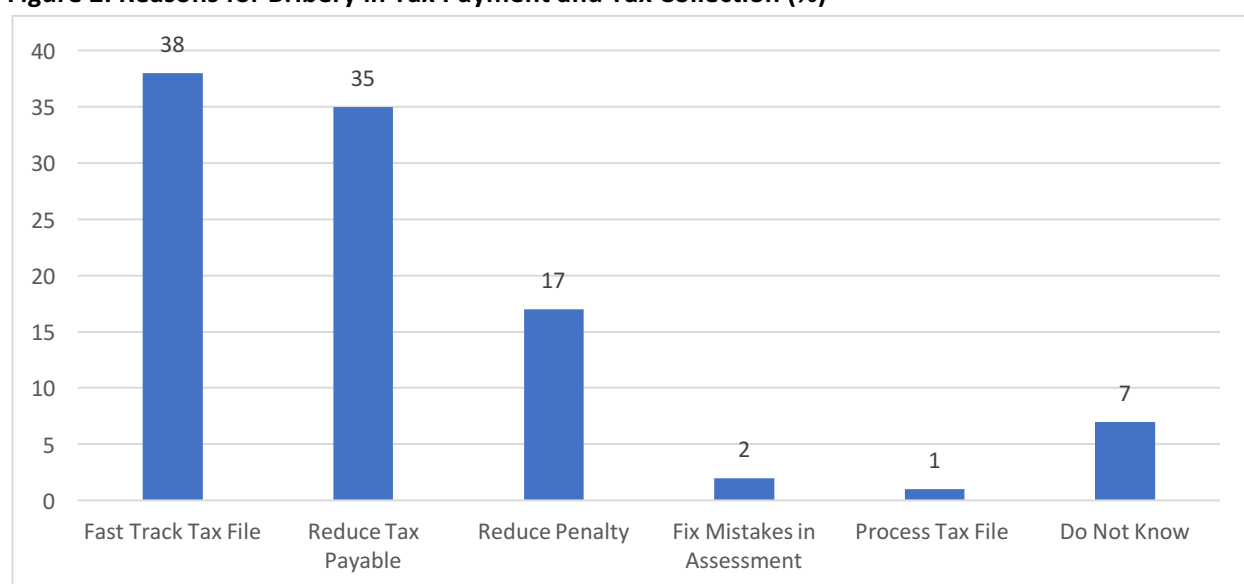
The interactions between taxpayers and tax collectors have hardened over the last 2-4 years. The Ministry of Finance has attempted to tighten tax collection, particularly from small businesses such as

³⁷ This description of tax assessment, payment, and collection is based on interviews with anonymous tax payers and komishankars.

shops and restaurants, while small taxpayers bitterly complain about the arbitrariness and unfairness of the taxes and the way in which they are assessed and collected. Bribes are given and taken for a variety of reasons. More than one third of all those surveyed stated that bribes were offered or demanded for speeding through a tax file. A similar number of respondents report that bribes are given or taken to reduce taxes payable while 17 percent of the respondents report that bribes are used to reduce the amount of penalty imposed for lateness in submitting taxes to the Ministry of Finance (Figure 2).

In some instances smaller businesses file their taxes through their trade association, acting as the intermediary between the businesses and Small Taxpayers' Office. Little is known about how the trade associations deal with STO and MTO, however, and whether or not trade association operate similarly to komishankars and tax consultants, the overwhelming majority of whom have prior arrangements with tax offices with illicit payments being made to receive tax office services including tax clearances. There are some indications that the trade associations that deal with tax offices on behalf of their members are also pressed to pay bribes.³⁸

Figure 2. Reasons for Bribery in Tax Payment and Tax Collection (%)



n=187

Also, as of late the tax offices do not accept tax assessments submitted by many smaller entities on the grounds that the forms are not filled out properly or that the assessments are not sufficiently accurate. For example,

A little while ago I went to MTO to submit my tax payment documentation. Everything had been done properly and without any mistakes. The tax officer told me that our documentation was not done properly. The harder I tried to get him to tell me where I had done things wrong, the more insistent he became that he could fix the "mistakes" for me for a fee. In the end I gave up and, since it was close to *eid* holidays, I promised him a new suit and some home equipment. Then he accepted my paperwork.³⁹

Or,

³⁸ KI-M-Kab-CU-STO-6, KI-M-Kab-CU-STO-7 (See Appendix 3 for the Key Informant Coding Protocols)

³⁹ KI-M-Nan-PS-MTO-1

We wanted to pay our taxes for the year 1392 and needed the tax form. The form given to us by MTO was from 1390. We told the tax officer that the form was from the wrong year. He said not to worry, just cross out 1390 and write 1392 in its place. When we submitted the completed form another tax officer made a big fuss about the tax form having been tampered with and because we had done the tampering we had to pay a bribe of 20,000 Afs so he wouldn't report us. We refused to pay and in the end we had to use connections we had at MTO to help and clear us.⁴⁰

Many shops, restaurants, clinics, and wedding halls are visited by Ministry of Finance tax assessors on a regular basis to be assessed for taxes payable. In many instances the assessed taxes are collected by the officers themselves with the taxpayers not knowing if the collected taxes are paid into government accounts.⁴¹ According to one interviewee,

Our taxes are usually assessed and collected by MTO officers. They come to our shop and just sit there. Then at some point they have this sweet expression, *joor amadan* [coming to an arrangement], that they use when they want to make a deal with us, by offering to lower the amount of tax owed and paying them rather than the government.⁴²

If there is resistance by the tax paying entity, the process can take a long time, cost more, and become aggressive toward the taxpayer that wishes to act legitimately:

The way these officers come to us to collect taxes or bribes is quite aggressive. They sometimes stay around our business premises for 20 days to intimidate us and make sure that they collect a bribe. This is disgraceful and a discredit to the government. If we are forced to pay bribes like this and have no choice but to pay, we are sacrificing our faith in Islam and our duty to the country.⁴³

The net result of this uneven process for many entities without power, connection, or patience is to cave in to demands by the tax assessors and pay a bribe to gain clearance or to enlist the services of *komishankars* (fixers) for the payment of their taxes and dealings with tax officials.⁴⁴ Twenty four percent of all the key informants surveyed reported that they had been asked for bribes when dealing with LTO/MTO/STO officers. It must be noted, however, that this percentage would be much higher if the "special fees" paid by komishankars and tax consultants were taken into account. A large number of tax paying entities opt for going with a komishankar or tax consultant as a means to lower taxes payable (often involving paying a bribe) and save time. It is widely known that komishankars and tax consultants have their own prior arrangements with corrupt tax officials for paying set – illicit – fees to go through the various stages of tax assessment, tax payment, and the final clearance.

The tax paying entities that persist and demand transparency from tax officials in the assessment of their taxes and their payment to the government, rather than the corrupt officials, are likely to be intimidated by the tax officers with the threat of being penalized the next time or being reported to the

⁴⁰ KI-F-Kab-NG-MTO-4. Similar experiences were reported by KI-M-Kab-PS-MTO-2

⁴¹ KI-M-Maz-PR-MTO-1

⁴² KI-M-Nan-PR-MTO-1

⁴³ KI-M-Nan-SC-MTO-3. Similar statements were made by KI-M-Nan-SC-MTO-1, KI-M-Nan-SC-MTO-2, KI-M-Nan-CC-MTO-2, KI-M-Nan-CU-MTO-1, KI-M-Nan-CU-MTO-2, and (in Kandahar): KI-F-Kan-BW-MTO-4, KI-F-Kan-NG-MTO-4, KI-M-Kan-CC-MTO-1, KI-M-Kan-CC-MTO-2, KI-M-Kan-CU-LTO-4, KI-M-Kan-SC-MTO-4, KI-M-Kan-TC-MTO-1.

⁴⁴ KI-M-Nan-CU-MTO-1, KI-M-Nan-CU-MTO-2, KI-M-Nan-PS-MTO-3. Similar statements were made by key informants in Kabul, Mazar-e Sharif, Herat, and Kandahar.

relevant *taftish* [Investigation Unit] of one of the three tax offices.⁴⁵ Similarly, those that seek advice from the tax offices are taken by corrupt officers to quiet corners where they are asked directly to pay bribes to have their tax problems taken care of.⁴⁶

Methods of asking for bribes have become simultaneously more blatant and more sophisticated. Many tax officers simply ask for a fee to “fix” tax-related problems of taxpayers.⁴⁷ In other cases requests for bribes are implied through complicating the process for the taxpayer to the point that the taxpayer surrenders and offers a bribe to be rid of the time consuming process.⁴⁸ Even if the documentation is complete, there is always something the tax officers manage to find that needs to be redone, forcing the taxpayer to redo forms or revisit places already visited for new signatures and thus causing a delay to entrap the taxpayer into paying bribes.⁴⁹ A variety of direct and indirect indications are made by corrupt tax officers to alert the taxpayer to pay gratuities (Table 1).

Table 1. Sample of Expressions Used to Ask for Bribes

<ul style="list-style-type: none"> • Give us shirini • You don't move yourself at all • My slippers are torn • How much do your slippers / shoes cost? • Can you pay for my new pair of slippers / shoes? • It's Eid and I don't have new clothes • You never host me as a guest [at a restaurant] • There is a very good restaurant in [X] hotel [and you should take me there] • You have a lot of income but where is our share? • You have big projects, where is our share? • You don't scratch yourself • Have mercy • Share our sorrow • Where is my share? • Let's go outside and have a chat 	<ul style="list-style-type: none"> • What is my percentage? • Buy us some phone credit • Pay for our transport costs • We did all your paperwork and you don't give us anything • You know what I need • Where is the money to come from to pay for me and my colleagues to eat? • Get us some nice chicken for lunch because we are hungry • Get us breakfast because we haven't eaten • Where is my fee? • If I complete your case, what's in it for me? • Now it's up to you and your conscience [to pay gratuity] • My mobile phone has become very old [and I need you to buy me a new one].
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Source: Multiple key informants dealing with STO, MTO and LTO

When asked what avenues were available to taxpayers who did not want to pay bribes, many of the respondents maintained that the best way forward was for every taxpayer to fill out the forms correctly and not easily give up when being delayed or intimidated by corrupt officials. Doing so would require having access to technical and legal expertise, currently only available from unregulated consultancy firms and individuals, most of whom function very similarly to komishankars, including facilitation for their clients through payment of bribes to corrupt tax officials.

Other measures, such as merit-based appointments at the tax offices, were seen as necessary though not immediately implementable due to the presence of very strong, and sophisticated, nepotistic networks that protect corrupt officers and officials. Reference was made repeatedly to a general

⁴⁵ KI-M-Nan-CC-MTO-1, KI-M-Nan-SC-MTO-2, KI-M-Nan-PH-LTO-5, KI-M-Nan-PH-LTO-6. Also, KI-M-Kab-TC-MTO-1, KI-M-Kab-SC-MTO-3, KI-M-Kab-NG-MTO-2, KI-M-Kab-PH-MTO-3, KI-M-Kab-PW-MTO-1, KI-M-Kab-NG-MTO-8, KI-M-Kab-NG-MTO-1, KI-M-Kab-SC-MTO-2

⁴⁶ KI-M-Nan-PH-LTO-6

⁴⁷ KI-M-Kab-TC-MTO-1, KI-M-Kab-SC-MTO-3, KI-M-Kab-NG-MTO-2

⁴⁸ KI-M-Maz-CC-MTO-1, confirmed by many other key informants in Mazar-e Sharif.

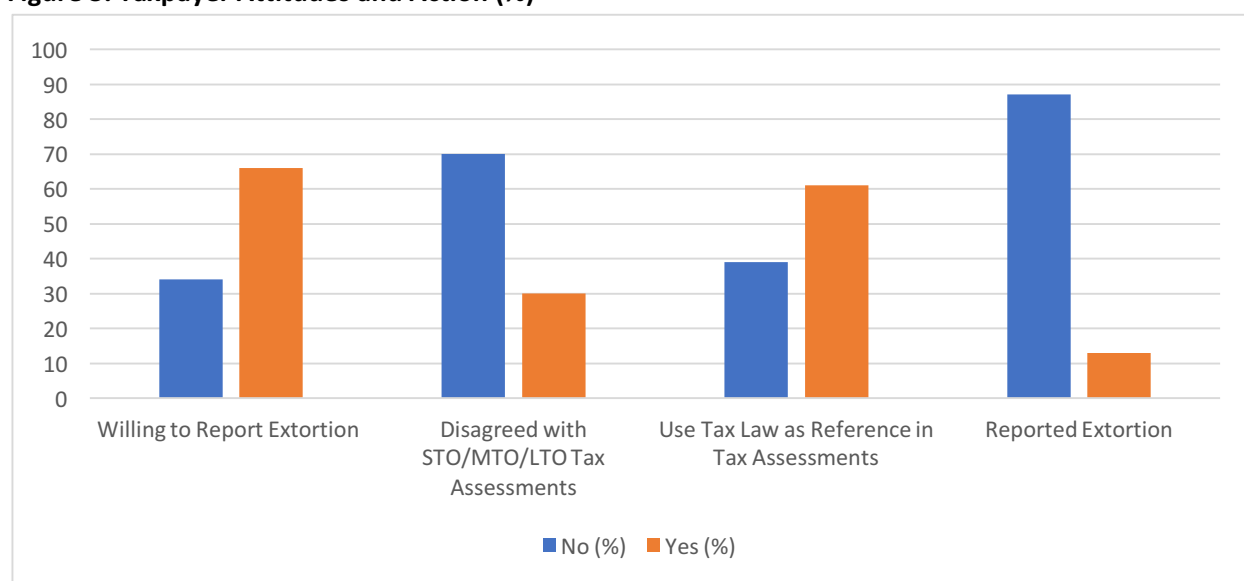
⁴⁹ KI-M-Maz-CU-MTO-3

tendency among Afghan civilians not to confront authority as a matter of rule since doing so would have retaliatory consequences for the contestants.⁵⁰ Official complaints are rare because

...we can't report corrupt tax officials because all official departments are corrupt. Even if we go to the highest level to complain, he too is involved in bribe taking arrangements and will tell us: 'my hands and feet are tied and there is nothing I can do to help you.'⁵¹

Most interviewees maintain, however, that victims of extortion want to complain and claim their legal rights but that they continue to be discouraged by cases of people who have complained and have forced to pay even higher amounts in taxes and bribes after retaliatory action by those who were the subject of their complaints.⁵²

Figure 3. Taxpayer Attitudes and Action (%)



n=187

If the complaint against a corrupt tax official ever reaches the formal court, the likelihood is that there will be no charges against the accused since most of the personnel at the tax offices are linked to powerful individuals and well protected.⁵³ Some fear that if they go through the legal channels to make charges of corruption, they run the risk of losing and then becoming a target of hostilities including death threats.⁵⁴

The survey results confirm that two thirds of those interviewed would be willing to report extortion by the tax offices, though on the condition that they are protected from persecution. Almost one third of those interviewed have contested their assessments with STO/MTO/LTO and nearly two thirds claim

⁵⁰ KI-F-Nan-BW-MTO-1, confirmed by 10 other key informants in Jalalabad.

⁵¹ KI-F-Kan-BW-MTO-1, similar comments were made by: KI-F-Kan-NG-MTO-1, KI-M-Kan-SC-MTO-2, KI-M-Kan-SC-MTO-8, KI-F-Kan-BW-MTO-2

⁵² KI-M-Kan-PR-MTO-2

⁵³ KI-M-Kan-CU-MTO-1, KI-F-Kan-NG-MTO-4 confirmed by many others in Kandahar.

⁵⁴ KI-F-Kan-BW-MTO-3, KI-M-Kan-CC-MTO-1, KI-M-Kan-CC-MTO-2, KI-M-Kan-CC-MTO-3, KI-M-Kan-SC-MTO-7

that they use the Tax Law in their dealings with the tax offices. However, only 13 percent of those interviewed have actually reported cases of corruption at tax offices (Figure 3).

Arbitrary and abusive behavior of tax officials, particularly the ones visiting smaller tax paying entities, was highlighted as a major source discomfort by the vast majority of the interviewees.⁵⁵ Abusive behavior by the tax officials was attributed to general ignorance, arrogance, and lack of professionalism of corrupt officials. For example:

[The corrupt tax officers] are so ignorant that when we argue with them about their assessment of our taxes payable, they would say things like: 'you have a nice private clinic here and like all private clinic owners you are a thief because you treat people for their ailments and you charge them lots of money.' How can you reason with this type of person?⁵⁶

Others believe that a general environment of impunity has emboldened corrupt tax officials:

We don't punish anyone in this country for breaking the law. We have a criminal code and the provisions of Islamic Sharia on anti-corruption but no one respects them and no one is in charge to make sure they are implemented. There is little monitoring on how laws are respected, if at all. Why don't our leaders demand that all employees of the Ministry of Finance be assessed for their assets and the cash in their bank accounts? How can anyone explain the fact that, after only working for six months, a tax official has a brand new car and a new house costing hundreds of thousands of dollars?⁵⁷

There are widely understood rules governing the level of bribes demanded by corrupt tax officers. The most typical way is for the tax officers to come up with a large sum payable by the taxpayer made up of unpaid taxes, which is often times calculated in questionable ways, and accumulated penalty for late payment. The corrupt tax officer then offers to fix the situation if the taxpayer paid only half of that amount. Of the half agreed with the taxpayer, 50 percent is paid as taxes to the government and 50 percent is kept by the tax officers as the fee to fix the problem, meaning that the government receive only one quarter of taxes payable.

Similarly, visiting tax officers deliberately delay the assessment process by spending a disproportionate amount of time on the premises of the business owners which disrupts business operations, pay repeated visits over a few days to frustrate the business owner and, hence, pave the way for a discussion on how much bribe should be paid to complete the assessment. For example:

They [tax officers] came to our office and demanded that we bring them all of our financial records for the year. We had had no prior notice of their coming to our office. We were a bit dumbstruck as to where to begin collecting various documents for them to review. Because of this we complained openly to them about the lack of notice and disrupting our work. The tax officers said it was the law and they were just doing their job. They went through our documents, found a few cases where we had not fully paid taxes, and gave us a bill. We paid but I think they expected us to ask for an arrangement with them and pay less.⁵⁸

⁵⁵ KI-M-Kan-CC-MTO-3, confirmed by many other key informants in Kandahar.

⁵⁶ KI-M-Kan-PH-MTO-3

⁵⁷ KI-M-Kab-CU-STO-6

⁵⁸ KI-M-Kab-PW-MTO-2

Often when the initial assessment is made in these situations, a request for payment is not issued by the tax officers on the same day but later, to give the business owner the indication that a bribe is expected and that the delay is the opportunity for the business owner to pay the bribe.⁵⁹

High rate of illiteracy among owners of smaller businesses such shops, restaurants and wedding halls results in an inability to read about the Tax Law and related legislation and a general lack of interest in the formal legal framework through which issues such as taxation are supposed to be documented and governed. For example,

Most private sector entities and merchants are illiterate and ignorant of the law and therefore and have very little understanding or recognition of their responsibilities under the laws. They also do not understand or care for procedures, paperwork, or paying taxes on time or at all. To make their lives simpler, they opt for paying bribes to the tax officer to get their clearances and get their licenses renewed. The wealthier merchants, construction companies, logistics companies, and NGOs are especially targeted by corrupt tax officials because of the general belief that these entities have large funds or funding from international sources.⁶⁰

There is widespread belief among taxpayers that in addition to general ignorance about the legal framework among the taxpayers, partially due to illiteracy, tax officials themselves are not fully aware of the contents of the Tax Law and their responsibilities toward taxpayers. Even if there is awareness among the tax officials, it is not transparently transferred to taxpayers but used, instead, to entrap taxpayers. To illustrate, a significant number of taxpayers complain that they are penalized retrospectively for unpaid taxes, calculated based on changes to the Tax Law about which taxpayers are not systematically notified. Some argue that not informing taxpayers of changes to the Tax Law is intentional by corrupt tax officials and done to increase the amount owed in taxes and fines payable by the taxpayer, who is then offered assistance to reduce the amount owed in return for a bribe.⁶¹

Widespread corruption is attributed, in part, to the current uncertain political and economic environment in Afghanistan, undermining the confidence of private sector entities and investors. But,

Even in this depressing and uncertain environment, with everyone including the government having given up hope, things can and need to be done to rid this country of the cancer of corruption. Dried fruits and nuts producers have associations, merchants have associations, different types of industry have associations, fresh fruit producers have associations, livestock owners have associations. Why don't all these associations work together to fight corruption? It is because even the associations are afraid of the mafia-like network of corrupt and powerful people and without everyone's help and commitment they can't do anything.⁶²

A number of taxpayers, particularly from the private sector, have made official complaints to the *mostofiat* and the provincial governors about the arduous processes of tax assessment and payment and corruption of tax officers. In some cases these complaints have resulted in a temporary relaxing of the bureaucratic red tape for the taxpayers and lessened demand for bribes, only to revert back to the pre-complaint conditions later.⁶³

⁵⁹ KI-M-Nan-SC-MTO-3

⁶⁰ KI-F-Kan-BW-MTO-4, confirmed by many other key informants in Kandahar, Kabul, Herat, Mazar-e Sharif and Jalalabad.

⁶¹ KI-F-Nan-BW-MTO-1, confirmed by all other key informants in Jalalabad.

⁶² KI-M-Kan-CU-MTO-1

⁶³ KI-M-Nan-NG-MTO-2, confirmed by 4 key informants in Jalalabad and 7 key informants in Mazar-e Sharif.

The vast majority refrain from complaining about abusive or extortive behavior by tax officers because often the complaints are related to the tax officer in question who may choose to retaliate against the complainant the next time the complainant files taxes.⁶⁴ Many choose to pay the bribe, either directly or through a komishankar or financial consultancy firm, to save the time and energy that could be lost with filing complaints, fighting retaliation by vengeful tax officers, or resisting demands for bribes.⁶⁵

Opinions and experiences on differences between how male and female taxpayers are treated by tax officers are varied, with some stating that there are no differences between male and female taxpayers in the eyes of tax officials, some stating that women are subjected to sexual harassment in addition to the general intimidation, and some stating that women have an easier time with tax officials because their cases are attended to much quicker than men's. Fifty six percent of the key informants thought there were no differences in the treatment men and women by tax officials while 44 percent thought that women are treated better.

MTO in Action: Tomorrow Never Comes

I went to MTO with our Finance Officer because the new Director of MTO dealing with our papers had asked our Finance Officer to come with me as the president of our business. The new Director of MTO had said that by the time of our meeting our submission papers would have been relocated. When we got to MTO, the new officials in the same office apologized that the new MTO Director would not be in the office till 2 pm. I apologized that I had a business appointment with a potential client that afternoon and so would not be able to come back. I explained that the reason I had come to MTO that morning was that this kind of fruitless journey back and forth to MTO had been going on for nearly 3 years on the same documentation and costing us around 1,300 USD in taxi fares alone.

I recounted that these new people's former colleagues would repeatedly say things like, "Come back this afternoon", "Come on Saturday", or "Come back tomorrow". In these 3 years when we would go to MTO at MTO's request and at the stipulated time, the MTO person who had called us in would be in a meeting, out of the office, at a funeral, or he would simply tell us that "your papers have been passed to another department", "Your papers have been passed to 'Internal Audit'", or, even on several occasions we were told, "Your papers are missing, can you go to [other offices within MTO] and find them for us".

I have to note that the conversation was all in good humor and very good-natured. But, nevertheless, I managed to express my extreme frustration without shaming or embarrassing our Finance Officer who had made all the journeys to MTO.

Source: Key Informant, Private Sector, Kabul, May 2016

Statements about women being better treated by tax officials were strongest in Kandahar, due to "generally how men view women in this province, always with respect and a high degree of shyness."⁶⁶ Statements about women being harassed at tax offices were strongest in Kabul where some officers make suggestive remarks and ask for names and phone numbers of female taxpayers.⁶⁷

Only 29 percent of those interviewed were aware that Afghanistan had legal provisions against corruption and less than half of those interviewed had copies of the Tax Law on premises (Figure 4).

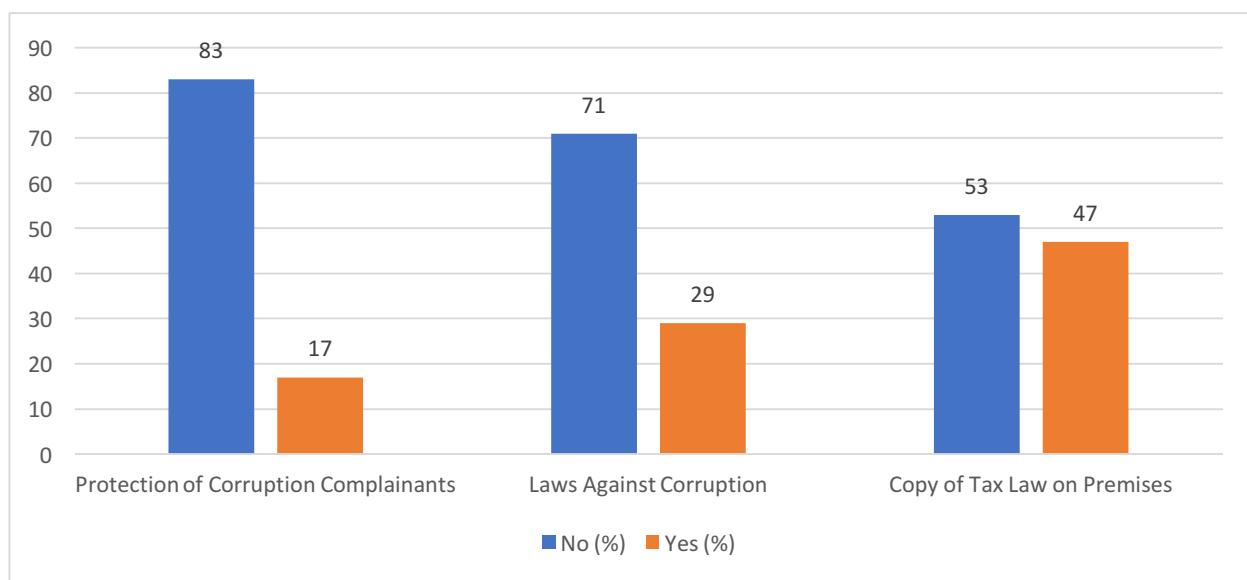
Figure 4. Taxpayer Legal Knowledge (%)

⁶⁴ KI-M-Maz-CC-MTO-2, confirmed by the vast majority of other key informants in Mazar-e Sharif.

⁶⁵ KI-M-Nan-TC-LTO-7, confirmed by many other key informants in Jalalabad.

⁶⁶ KI-F-Kan-BW-MTO-4, confirmed by the vast majority of the interviewees in Kandahar

⁶⁷ KI-F-Kab-NG-MTO-4



n=187

When asked what can and needs to be done to curb corruption, strong sentiment was expressed for more cooperation among tax paying entities on joint actions to advocate for change in the tax offices and create processes and mechanisms that would protect taxpayers against extortion or persecution by retaliating corrupt officials.⁶⁸ However, the vast majority of those surveyed believed that there were no mechanisms to protect taxpayers that might choose to officially complain against extortion by tax officers.

Another pre-condition for resisting corruption is the adherence of taxpayers to the rules of declaring taxes and laws governing tax payments:

If all profit and non-profit entities keep good records and do their reporting correctly and on time, they leave fewer opportunities for corrupt tax officers to cause delays and demand bribes. So, we cannot just blame the corrupt tax officials. Some of the responsibility and blame lies with taxpayers also.⁶⁹

A key area where taxpayers need protection and assistance is in the way in which purposeful delays by tax officers in processing paperwork is used to amass large penalties for late payments of taxes, creating the conditions for extortion:

If the MTO tax officers don't know you, they routinely delay processing your papers. They keep telling you to come back tomorrow or in a few days, or the next week. Once they get to know you after a few days, they ask you directly: 'how much are you prepared to pay so we process your papers?' If you resist, they say that they would have to organize an onsite assessment of our operations but that it might take up to two months to organize. All the while we are being charged a daily fee for being late in paying our taxes. In the end, we owe so much that we see it to our advantage to just pay a bribe and end the process.⁷⁰

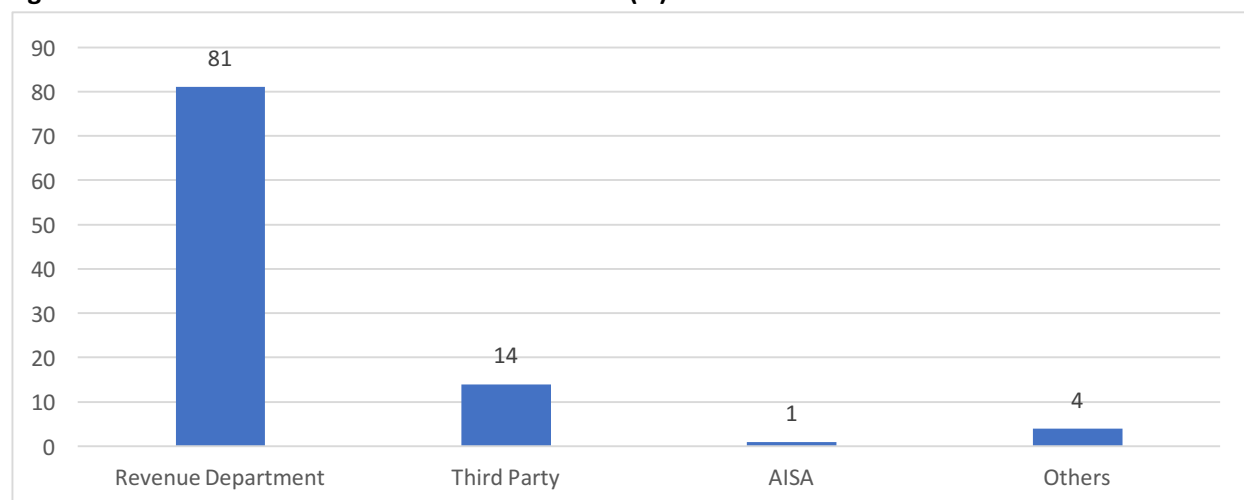
⁶⁸ KI-M-Kab-NG-MTO-7. Similar sentiments were expressed in Mazar-e Sharif, Herat, Kandahar, and Jalalabad.

⁶⁹ KI-F-Kab-NG-MTO-5

⁷⁰ KI-M-Kab-PW-MTO-1. Similar statements were made by key informants Mazar-e Sharif, Herat, Kandahar, and Jalalabad.

Despite the apparent abuses by the tax offices, the overwhelming majority of taxpayers learn about new tax requirements from the three tax offices, infamous for often misquoting and misinterpreting the Tax Law, its provisions, and various amendments. Around 14 percent rely on a third party such as komishankars or tax consultants while one percent receive their updates on the Tax Law from AISA (Figure 5).

Figure 5. Main Source of Information on Tax Rules (%)



n=187

There are calls by some taxpayers for increasing basic literacy and legal literacy among tax paying entities, legal literacy and professionalism among tax officers, and oversight mechanisms – including live recording of taxpayer / tax collector interactions in STO, MTO, and LTO – to increase deterrence to corrupt behavior by both taxpayers and tax officers, increase transparency and accountability, and collect evidence to prosecute offenders. As part of the attempts to minimize possibilities for corrupt behavior, many also suggested digitization of processes to eliminate “the human factor” from monetary transactions.⁷¹

Drivers of Corruption

The findings from the analysis of the interviews with key informants in Kabul, Mazar-e Sharif, Herat, Kanadahar, and Jalalabad reveals the following drivers of corruption in tax payment and tax collection at STO, MTO, and LTO:

Inefficient Bureaucracy: The prevalent inefficiency of government administrative bureaucracy often acts as the incentive for taxpayers to seek short cuts through paying bribes to the willing officials. To illustrate, the complicated and ever-changing financial declaration form for reporting revenue and calculating the tax payable is 15 pages long and carries a penalty of 20,000 Afghanis (approximately \$400 USD) if wrongly completed. Completing this form is time consuming and risky for the taxpayer and

⁷¹ KI-M-Nan-TC-LTO-7. Similar statements about digitization of tax assessment and tax payment were made by other key informants from Kabul, Herat, Mazar-e Sharif, and Kandahar.

creates opportunities for the corrupt official to offer assistance and fast tracking services in return for bribes.

General and Legal Illiteracy: Low rate of literacy among many, mostly private sector, taxpayers and thus little or no interest in reading the little information that exists on tax payment procedures is a major incentive paying bribes to bypass arduous procedures. Those who are literate do not know their rights under the law or the provisions and procedures in the Tax Law. Lack of legal awareness among taxpayers is often used by corrupt tax officials to complicate procedures and entrap taxpayers into paying bribes.

Irresponsible / Opportunistic Behavior of Taxpayers: Lack of a sense of commitment to abide by the rule of law and paying taxes among private sector entities and NGOs results in looking for shortcuts in procedures and minimizing the amount of tax payable, both fertile grounds for bribe seeking officials.

Institutionalized Bribe Seeking: Corrupt officials systematically find faults with tax payment forms, however perfectly completed, claiming that the forms are wrongly completed, additional forms need to be filled out, or that extra documentation is needed. Delays in the submission of tax forms often result in missing deadlines for tax declaration and the payment of fines for lateness in submission. Faced with this, the taxpayer is given the choice of paying a bribe to have the problem taken care of by a corrupt official or complete the paperwork – which often takes months – and incur the payment of the accumulated daily fine for being late.

Prevalence of Rent Seeking Intermediaries: There are countless unregulated komishankars and “financial consultancy firms” that routinely pay bribes to get things done for their clients at the tax offices, sustaining a well functioning corrupt system in tax payment and tax collection.

Impunity of Corrupt Officials: There are no reports of corrupt officials at the tax offices having been charged or brought to justices for bribe taking. Taxpayers generally shy away from reporting corrupt officials because they fear retaliation.

Institutional Deficiency: There has been insufficient visible action by government authorities against corruption, particularly in tax payments and receipts. There is no independent, no-partisan, and non-profit source of information and guidance on the Tax Law and related legislation. Also, there is no functioning, independent complaint mechanism that acts on complaints, recommends offenders for prosecution, and protects the complainants. The burden of proof of corruption in tax offices remains with the taxpayers who do not report corruption due to fear of retaliation by corrupt tax officers.

Manual Steps in Tax Calculation and Payment Processes: The presence of the human element in all dealings with the tax offices creates opportunities for bribery. The limited computerization of the process has not yet remedied tax processing delays because, according to the taxpayers, the system is often down and there are always long delays in entering the data into the system. In addition to delays, corrupt officials can force bribes by intentionally entering the wrong data on taxpayers’ digital forms.

Aggressiveness and Unprofessionalism in Service Provision: Taxpayers view tax officials as unqualified, impolite, and aggressive toward taxpayers. There is widespread belief that corrupt tax officers work in collusion as part of an organized network. There are also widespread rumors that positions dealing with taxpayers are not recruited for based on merit but bought and sold, with each position having a price tag based on its potential to collect bribes. There is also a general fear of retaliation by corrupt tax officials if a taxpayer resists or complains about paying a bribe.

Intentional Bureaucratic Confusion and Arbitrariness: The organizational structure of the tax offices is not clearly delineated and there is a general lack of procedural information. Changes in the Tax Law are not sufficiently disseminated, leaving everyone at the mercy of self-serving interpretations by corrupt tax officials. Arbitrarily, the tax payable by a private health clinic, for example, is calculated by the bribe seeking tax officer on the basis of the month with the highest revenue and extrapolated to the whole year, forcing the taxpayer into negotiations with the tax officer about how to lessen the amount of tax payable.

Lack of Oversight: Lack of ongoing, transparent monitoring mechanisms, including the recording of interactions between tax officers and the public, protects corrupt taxpayers and tax officials. Also, the lack of oversight and independent validation of income and tax liability mean that corrupt officials have much latitude over establishing the amount of taxes and penalties owed.

Conclusion and Ways Forward

Good governance entails, among other elements, the obligation by public officials to keep citizens informed about public services and to explain public decisions to citizens. Good governance requires a citizenry capable and empowered to engage with public officials in public decision processes. Open and free engagement between civil society and state authorities as a precondition of good governance requires freedom of expression for a multiplicity of actors including the media and non-government organizations to purvey information on topics most important to society to the public, initiate discourse, and act as watchdogs.

Experience with corruption from other countries suggests that in addition to the commitment by the top political leadership to fight corruption, several reforms need to be implemented simultaneously. These are, strengthening of enforcement agencies, increasing civil servants' pay to make it more comparable to private sector pay, routine rotation of public officials to make it harder for corrupt officials to develop strong ties to certain clients, rewarding those who refuse bribes and turn in the offending client, simplifying rules and procedures and publicizing them, scrapping a number of unnecessary permits and approvals, lowering or eliminating fees including for import duties, and providing easy public access to information on the workings of public programs.

The key conclusions from the review of the literature on corruption in reconstruction and development and the analysis of the data collected in Kabul, Mazar-e Sharif, Herat, Kandahar, and Jalalabad may be summarized as follows:

- Corruption undermines development efforts and government legitimacy and effectiveness and results in increased distrust and indignation among ordinary citizens since corruption often combines with other risk factors such as ethnic, religious, and linguistic rifts and tensions.
- Widespread and systemic corruption needs to be understood through the rule sets surrounding a state's elite composition, elite accountability, degree of citizens' participation in governance, and methods of managing the state's material resources. Nations with high levels of institutionalized corruption function on the basis of one or multiple kleptocratic networks that maintain their control in government and capture of key functions through force, or threats of using force, both formally and informally against those that resist or challenge them.

- Structured, or instituted, kleptocracy functions based on a vertical integration of networks, characterized by an elite that takes in the lion share of extorted or stolen funds, and the additional levies from bribes collected by petty criminals in extortive government positions in government structures that handle money directly as tax and other levy collection mechanisms or offer essential services such as business or other types of licenses.
- Cultures with collectivist tendencies spawn segregated societies. Social and economic transactions in collectivist cultures are organized around small groups defined by familial, kinship, tribal, ethnic, religious, or other social relationships. Each group tends to have its own narrow base of interest. Paternalism, the idea that the group leader decides what is best for the family or group, is a main organizing factor.
- Institutionalized corruption is much more than a symptom of administrative incompetence or abuse, and fixable by provision of resources and transfer of administrative skills.
- As an institution through which [bad] governance is exercised, corruption creates stability for a ruling elite built on shaky foundations and lacking legitimacy and one whose top political leadership is willing to implement an implicit policy of offering monetary and other material rewards to keep the peace with contending kleptocratic networks that present a threat to the ruling elite.
- Corruption in any society can be placed along a normative continuum of white, gray, and black. White corruption refers to corruption in its most widespread, systematic, and condoned form in that the majority of the elite and the citizens would not support or expect attempts to punish corrupt behavior. Gray corruption refers to situations where some elements, among either the elite or certain groups of citizens, may want to see corrupt behavior punished while others may not. Black corruption refers to situations where the majority consensus of both the elite and citizens condemns corrupt behavior and wants it punished. A major first step in combating corruption in a country is to establish what constitutes white, gray, and black corruption.

Arguably, most of the above points selected from the review of the literature on corruption apply, in varying degrees, to Afghanistan and could be used as a starting point in the dialogue between state authorities and civil society on how to fight corruption.

Based on the above summary from the literature and the findings from the analysis of the empirical data, we may conclude the following:

- Willingness to pay bribes by taxpayers is comparable in terms of being instituted to the predictable demand by corrupt officials for bribes to speed through a tax file or to reduce the amount of tax payable.
- Many tax paying entities without power, connection, or patience give in and thus contribute to the corrupt system by paying a bribe or enlisting the services of *komishankars* (fixers) for dealings with tax officials, payment of their taxes, and obtaining tax clearances.
- The tax paying entities resisting demands for bribes or asking for legitimate service from tax officials risk intimidation by corrupt tax officers and the threat of being penalized the next time or being reported to the relevant Investigation Unit of one of the three tax offices.
- Methods of asking for bribes have become simultaneously more blatant and more sophisticated.
- Completion of tax forms is an arduous and unclear process, with frequent changes to the procedures without notifying the taxpayers. To complete their forms most taxpayers need guidance, either in the form of service advice from tax officials or from tax professionals. The advice from the tax offices and professionals comes at a cost, however, and typically contains a bribe element, payable either by the taxpayer to the corrupt tax official directly, or indirectly by the tax professional

acting as the fixer for the taxpayer. The key operating term in tax clearance is *joor amadan*, or coming to an arrangement, rather than proper, documented assessment, payment, collection, and issuance of clearance.

- There is a widespread view among taxpayers that most victims of extortion in tax payment want to complain and claim their legal rights but that they are discouraged by cases of people who have contested corruption in the tax assessment and payment processes and have subsequently been subjected to retaliatory action by the corrupt tax officials that were the subject of their complaints.
- There is strong evidence that most victims of extortion would be willing to report extortion but on the condition that they are protected from subsequent persecution by corrupt tax officials.
- Better use could be made of pre-existing structures such as trade associations to curb corruption. Associations exist for all trades, representing members in disputes with the government, particularly on the issue of taxes and reforms to the Tax Law. In many cases, however, assistance from associations to their members on tax related issues takes the form of fixing problems, often involving *joor amadan*, rather than championing or defending their members' legal rights.
- Awareness of legal provisions against corruption remains low and many taxpaying entities do not even have copies of the Tax Law on their premises. Many taxpaying entities also lack proper documentation systems, including financial record keeping, and are unable or unwilling to provide full documented transaction records to tax assessors. Not having a full documentation system makes taxpayers vulnerable to extortion by corrupt tax officials.
- Live recording of taxpayer / tax collector interactions in STO, MTO, and LTO may be a relatively easy technical fix to deter corrupt behavior by both taxpayers and tax officers, increase transparency and accountability, and collect evidence to prosecute offenders. Another deterrent may be the fuller digitization of tax assessment, payment, and collection processes to eliminate "the human factor" from monetary transactions in payment and collection of taxes.

Fighting corruption in other contexts clearly shows that corruption cannot and must not be viewed as merely a technical problem that can be fixed by capacity building, equipment support, or legislation. Fighting corruption has to be a multi-prong, multi-actor intervention, adequately resourced, and long term oriented. As such, fighting corruption necessitates a sea change, driven by technical intervention, ongoing dialogue, re-education aimed at cultural change, civil society push and participation, committed and responsive state authorities and, in the case of Afghanistan, committed international donors in action as well as words.

Recommendations

Based on the literature on corruption and the analysis of the empirical data collected for this research, the following actions should be considered for fighting corruption in the tax system in Afghanistan:

Understand Corruption, Its Drivers, and Manifestations: There is dearth of knowledge on precisely where and how corruption operates and sustains itself. There is also a poor understanding of exactly how corruption undermines the economy and thus political stability. Appendix 1 outlines a number of areas requiring in-depth, ongoing research. Efforts should be made by the government and its international donors to commission research into these and other areas to feed into a much needed knowledge base on corruption and ways to curb it.

Mainstream Anti-corruption: Organize multi-stakeholder public events on the seriousness of corruption in Afghanistan and how corruptions undermines national security. Appeal to Islamic principles to argue

against corruption. Alert media to the problem of corruption in tax payment and tax collection and link the problem to the general concern about insecurity and lawlessness. Raise general awareness about everyday corruption by whatever means necessary, from billboard messaging to graffiti in public places and anti-corruption teaching in early and middle education.

Set up Independent Complaint Mechanism: Set up a non-government, non-profit, independent and responsive complaint mechanism for reporting corruption anonymously, staffed by professionals drawn from the accounting profession and civil society on a rotating basis. Regular monthly or quarterly reports of these complaints could be used to inform government action on anti-corruption.

Establish a Class of Professional, Independent Tax Consultants: Since taxpayers have little time to go through the complicated process of completing forms, even in digitized form, and preparing support documentation, there is substantial demand for professional tax consultants and komishankars who could do this on behalf of the taxpayer. Given the damaging role played by komishankars and unregulated consultants in sustaining corruption in the tax offices, efforts should be made to eliminate komishankars and unregulated consultants and replace them with qualified, independent, and licensed tax consultants. This would be particularly effective if coupled with digitalized tax forms to be completed online by the taxpayers.

Establish Professional Accreditation and Processes for Tax Office Personnel: End nepotistic appointments at the three tax offices and appoint new officers based on qualification and merit. Appointments should be made with oversight from independent, civil society-based bodies. Enforce strict separation of duties between tax assessment, procedural advice, and tax collection functions.

Scrutinize Assets-Income Ratio of Public Officials: Establish a system of annual total asset declaration for all tax office personnel as the condition of continuing employment. Take action, starting with income source verification, on those officers who have amassed asset and money above and beyond their accumulated salaries.

Set Up Anti-corruption Vice Squad: The vice squad could be used for monitoring of taxpayers and tax officers to identify bribe givers and bribe takers and to bring charges to prosecute them. The personnel for the vice squad must be rotated on a regular basis to prevent capture.

Set Up Reward System for Anti-corruption: Taxpayers and tax officers who play roles in preventing bribery should be recognized for their service and rewarded accordingly.

Simplify and Standardize Tax Forms: There little or no need for a multiple-page documents to be filled out by the taxpayer. There is also no justification for penalties for incorrectly completing a form. The form should be shortened and the penalty removed. In addition, accurate procedures and steps for filing taxes at all 3 tax offices must be established, using the written word and symbols to ensure the illiterate can also follow the procedures and steps.

Provide Full Access to Tax Law and Amendments: All requests for information and documentation by tax officials must be tied to the legal provisions within the Tax Law and its various amendments. In cases of disagreement the onus must be on the tax official to provide legal support for the requests for documents and information.

Increase Tax Law Literacy: Consideration needs to be given to Ministry of Finance-supported initiatives on Tax Law literacy with a focus on the legal requirements and the rights and obligations of the taxpayers. Such initiatives would work best if carried out in close collaboration with taxpayers' groups and business associations.

Address Needs of Small Businesses: Particular attention should be paid to how to tax micro and small businesses which typically lack records of their transactions, have little or no literacy or business management systems, and thus are at the mercy of predating tax officials who could request arbitrary amounts as taxes payable. Small and micro businesses falling into this category include shopkeepers, mechanics, or small restaurants.

Make Efficient and Effective Use of Digitization: There is no reason for not allowing taxpayers to complete their tax forms online and receive confirmation as to its state of completion. Removing the human factor in this process is likely to reduce opportunities for meddling by corrupt tax officials.

Strengthen Trade Associations: Many small businesses pay their taxes through their trade associations that are also sometimes victims of extortion by tax officials. Measures should be taken to professionalize the guild-type associations by training them on how to utilize laws to combat corruption and protect their members. Additionally, equip the associations with evidence that could be used in their engagement with tax and other government authorities, including different forms of advocacy and public awareness campaigns through the media.

Monitor and Act on Taxpayer-Tax Collector Interactions: As a deterrent to bribery initiated by both the taxpayers and corrupt tax officials, consider installing cameras that record all interactions in STO, MTO, and LTO and keep the records for at least one month.

Adopt International Anti-corruption Standards for Government Transactions: With the full establishment of the National Procurement Authority in Afghanistan with a mandate to institute a cost effective and transparent procurement system to control public expenditure and decrease corruption, there is a unique opportunity for the Government of Afghanistan to lead by example and adopt ISO 37001, guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.⁷²

⁷² For more information on National Procurement Authority, see: <http://www.npa.gov.af/en/introduction>. For more information on ISO 37001 Standards, see: <https://www.iso.org/standard/65034.html>

Appendix 1: Areas of Research on Anti-corruption

1. **Dynamics of development aid contracting:** A mapping exercise on how international funds are decided on, through which intermediaries they are disseminated, and through what mechanisms oversight is or can be provided. The mapped process should then be assessed for robustness, integrity, and built-in mechanisms to generate monitoring and impact data. Based on this mapping exercise, the following questions may be asked:
 - Are there adequate (relevant, efficient, effective) and reliable systems of checks and balances to monitor how and whether aid funds reach their targets?
 - Is the manner in which aid funds are allocated contributing or undermining the capacity of the national organizations? For example, is the high number of international experts and development businesses delivering development programs always economically and politically justified?
 - How does the reliance on international experts and development businesses to address corruption affect national capacity development in the recipient country? What are the implications of using, or not using, national staff on fighting corruption or corruptive modes of operation? What are the actual capacity and structural needs to facilitate more reliance on qualified national staff?
2. **Relationship between conflict trauma and corruption:** Many Afghans would rather not exercise their legal right to protest against extortion or official corruption. The following questions may be asked to establish the relationship between persistent corruption and conflict trauma:
 - What measures can be taken to build the confidence of ordinary Afghans in taking on corruption or corrupt behavior?
 - What types of provisions are needed to protect those who dare to protest against corruption?
3. **Realigning training and mentoring on corruption:** Methods to fight corruption are increasingly being considered in capacity development program in Afghanistan and other conflict and post-conflict countries. Some of the issues to consider in these efforts are:
 - What sets of values and traditional structures could be utilized to fight corruption?
 - How can capacity building / development on anti-corruption be aligned to resonate more explicitly with traditional moral and religious values against extortion and other forms of corruption?
4. **Role of traditional norms, values, and structures in anti-corruption:** Weekly religious gatherings are effective delivery mechanisms to relay messages on behavioral and social change. As such their role could be assessed to serve fighting corruption at different levels. Questions to consider include:
 - Does or should the mosque put anti-corruption on its social / educational agenda?
 - What role could civil society organizations and the government play in working more closely with religious institutions and authorities to fight corruption?
 - Are there any examples of such cooperation and are there possibilities for scaling out and scaling up the lessons learned?
5. **Gender and corruption:** Corruption has an adverse impact on gender relations and tends to affect women far more than men. Questions to investigate under this theme include:

- What are the differences between the experiences of men and women faced with corruption?
 - How does corruption affect women's access to basic services such as health, education, and formal justice?
 - What is known about the relationship between corruption and gender relations in contexts other than Afghanistan? What are the lessons learned?
 - What are the available policy options for the government and donors for including anti-corruption in their gender programming?
6. **Political parties and corruption:** There has emerged a plethora of political parties in Afghanistan since 2001. Increasingly these political parties are including societal issues on their political campaigns and announcements. Questions to consider include:
- To what extent do political parties view corruption as a campaigning issue?
 - What needs to be done to place anti-corruption as a high priority campaigning point on the agendas of political parties and elections at sub-national government levels, particularly at provincial council and community development council levels?
7. **Non-partisan civil society organizations and corruption:** There are some civil society organizations, such as Integrity Watch Afghanistan and quasi-government organizations such as the High Office of Oversight and Anti-corruption with specific and explicit mandates to fight corruption through advocacy and information sharing. Questions to consider include:
- What can be done more generally by civil society organizations as actors in good governance to fight corruption by including anti-corruption as a key part of their mandates?
 - What is known about civil society organizations and their initiatives in fighting corruption in other countries?
 - What is known about successful initiatives by governmental entities to fight corruption in other contexts and countries?
 - What can be learned from actions and initiatives by private and public entities in other countries for fighting corruption in Afghanistan?
8. **Government and corruption:** Despite being the main focus of the discourse on corruption, there is insufficient information on the incentive system that sustains corruption in governmental entities. Issues that warrant in-depth investigation include:
- How does corruption in the civil service affect politics in high offices of government including the Parliament?
 - Are there elements within the political system, and particularly in the Parliament, that could more openly and independently work with civil society organizations in fighting corruption?
 - Are there examples of how elected parliamentarians and civil society organizations working together to fight corruption in governmental entities?
 - What types of incentive are needed to strengthen collaboration between civil society organizations fighting corruption and elected parliamentarians?
9. **Private Sector and corruption:** The private sector in Afghanistan makes the most significant monetary contribution to perpetuate corruption, not because it wants to but because it is left with no choice or incentive to resist paying bribes. The key questions to investigate through in-depth research include:
- What are the views within the private sector on corruption?

- How can businesses be encouraged to exercise their legitimate rights to services, including being protected against corrupt officials?
- To what extent is corruption a product of a non-existent or improperly functioning taxation system?
- What set of incentives are needed to create impetus for the private sector actors to fight corruption?
- How do the more traditional businesses tackle corruption, if at all?

10. **Factor markets and corruption:** All donors have organizational provisions, or checks and balances, to ensure adequate appropriation of their funds. The bulk of misappropriation of donor funds and other resources takes place outside the immediate organizational boundaries of the donors.

Questions that may be asked through in-depth research include:

- What is known about how donor aid funds are spent or used once they leave the donors' organizational boundaries?
- What is the knowledge levels of the donors about the factor markets (labor, land, material)?
- Are factor prices being monitored by donors or other entities to ensure prices being paid by donors and their contractors are not extortionate and/or distortive of the domestic labor market?
- How can donors know they are not being overcharged?

Independent research is required simultaneously in all of the above areas. The findings from in-depth research in the above areas are likely to contribute to a paradigm change in how international donors and their governments view and fight corruption in Afghanistan and elsewhere.

The findings from research in the above areas can be used for advocacy initiatives to engage government and other entities charged with fighting corruption. These entities include Afghanistan's High Office of Oversight and Anti-corruption, civil society organizations with a focus on anti-corruption such as Integrity Watch Afghanistan and the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC), and national network organizations with mandates on good governance such as the National Advocacy Committee (NAC).⁷³

⁷³ NAC was established by APPRO in March 2015 with a mandate to facilitate productive interface between Afghan civil society and governmental officials toward good governance.

Ordinary Citizens:

- www.appro.org.af

10. What is the impact of bribery and corruption on service delivery by the revenue department of the Ministry of Finance? List.
 - a.
 - b.
 - c.
 - d.
11. Do you think providing trainings on how to prevent and detect corruption would be useful for the general public? Explain.
12. Do you think providing trainings on how to prevent and detect corruption would be useful for the officials of the revenue department of the Ministry of Finance? Explain.
13. Do women experience corruption differently than men? How? Explain.
14. Is corruption the same, or different, among male and female employees of the revenue department of the Ministry of Finance?
15. What are your suggestions to curb/reduce corruption?
 - a.
 - b.
 - c.
 - d.
16. Is there anything else that I have not asked you and you would like to share?

Government Officials:

1. How serious is corruption in government departments in general, and the revenue department of the Ministry of Finance in particular?
2. What are the reasons for corruption in the revenue department?
 - a.
 - b.
 - c.
 - d.
3. How many types of corruption do you know about, in relation to the revenue department?
 - a.
 - b.
 - c.
 - d.
4. Have you ever been threatened to lose your job if you report a corruption case? If yes, how? Explain.

5. Do you know someone who has lost his/her job because of reporting a corrupt official in the revenue department of the Ministry of Finance? If yes, describe.
6. Which is the most important actor in fighting corruption?
 - a. Government
 - b. General Public
 - c. International donors
 - d. Private sector businesses
 - e. Civil society organizations
7. Do you think men experience corruption differently than women? How? Explain.
8. Do you think providing trainings on how to prevent and detect corruption would be useful for government officials, particularly employees of the revenue department? How? Explain.
9. What are your suggestions to reduce corruption?
 - a.
 - b.
 - c.
 - d.
10. Is there anything else that I have not asked you and you would like to share?

Ulamas:

1. What is your assessment of corruption among government officials in general and the officials of the revenue department of the Ministry of Finance in particular?
2. What do you think are the reasons for corruption?
3. How many types of corruption do you know or have you heard about? List.
 - a.
 - b.
 - c.
 - d.
4. Have you ever faced corruption? If yes, what is your personal experience of facing corruption?
5. How is corruption addressed in Sharia and the Quran? Describe.
6. Why do some Afghans, as Muslims, take bribes?

7. How you ever solved a corruption case by referring to Islamic values? If yes, describe.
8. Do you think mosques should become involved in anti-corruption? If yes, how? Describe.
9. Do you think public awareness through mosques about corruption and its consequences would be helpful? If yes, describe.
10. Do you think women face corruption differently than men? How? Describe.
11. What are your suggestions to curb/reduce corruption?
12. Is there anything else that I have not asked you and you would like to share?

Appendix 3: Survey Questionnaire

City, Province	
Researcher's Name	
Dates of interview	

Profile of interviewee:

1. Age:
2. Sex
 - Male
 - Female
3. Education
 - Grade 6
 - Grade 12
 - Grade 14
 - University degree
4. What sector do you work in?
 - NGO
 - Construction sector
 - Trade (tejarat)
 - Health sector
 - Education sector
 - Business management consultancies (e.g. tax fixers such as Afghan Holding Group, Omran Holding Group, others)
 - Security services
 - Electrical services (wholesale, maintenance, both)
 - Plumbing services (wholesale, maintenance, both)
 - Other (Specify): _____
5. Your position in the organization:
 - Owner / operator
 - Finance
 - Administration
 - Other (Describe): _____

Corruption Mechanisms:

6. Which MTO Departments do you report to? (list)
 -
 -
 -
 -

7. How do you deal with the MTO / Revenue Department?
- An appointed member of our organization deals with them directly.
 - A consultant hired by the organization deals with them directly
 - Contacts within the MTO
 - Dealings are outsourced to an agent (komission-kar) indicated by the MTO
 - Other (specify)
8. Has MTO ever requested from your company/ organization to pay extra money directly to an MTO employee?
- Yes. What amount? _____
 - Explain why: _____
- _____
- _____
- No
9. Have you ever been threatened by an MTO official because you did not cooperate fully with MTO? If yes, describe.
- _____
- _____
- _____
- _____
10. On what basis does MTO demand extra payment / bribes from tax payers? (multiple answers possible)
- Offer to process a file quickly
 - Offer to reduce the total amount of tax payable
 - Offer to reduce a penalty for late tax payment
 - Offer to get a clearance letter to resolve miscalculation or late payment of taxes
 - Other: _____
11. Do you think men and women experience corruption differently in MTO?
- Yes (How? Describe?)
 - No
12. In your opinion, why do organizations (or their finance personnel) pay bribes to MTO? (Describe)
13. What happens if an organization refuses to pay bribes to MTO? (Describe)

Dealing with Corruption

14. Who in your organization knows about tax regulations? (Name of position)
15. Do you have a copy of the Tax Code and related laws on your premises? (Describe)

16. How do you keep up to date on changes to the Tax Code and related laws? (Describe)
- Revenue Department
 - Consultant
 - Agent (komission-kar)
 - Other (list and describe): _____
 - _____
 - _____
 - _____
17. Does your organization refer to the Tax Law and its amendments when dealing with the Revenue Department?
- Yes
 - No
18. Does your organization ever disagree with the Revenue Department's assessment of taxes and/or penalties payable by your organization?
- Yes (describe and give examples)
 - No
19. What happens when your organization disagrees with MTO's assessment of taxes and/or penalties owed? (Describe)
20. Do you know of any laws that protect taxpayers against corruption?
- Yes (list and describe) _____
 - _____
 - No
21. Do you know of organizations (government and non-government) that protect those who complain about corruption in the Revenue Department?
- Yes (list and describe) _____
 - _____
 - _____
 - No
22. Which three (3) of the following entities are the most effective in fighting corruption within the Revenue Department?
- President's Office
 - Office of the Special Representative for Reform and Good Governance
 - Ministry of Finance
 - Ministry of Hajj and Religious Affairs
 - Private sector businesses
 - Private sector associations
 - Non government organizations
 - Non-government associations
 - International donors

- Civil society organizations
- The justice system
- Religious leaders
- Other: _____

23. Are you willing to report cases of extortion within the Revenue Department?

- Yes
- No (Why?)

24. In your opinion, under what conditions will private and public organizations fight bribe taking by corrupt MTO officials?

25. Has your organization ever reported a case of extortion?

- Yes (Describe) _____
- No

26. What kind of assistance would you need to fight corruption when dealing with the Revenue Department? (Interviewer: DO NOT PROMPT)

- More laws against corruption
- Using Islamic values against corruption (describe how)
- Legal assistance by a specialized lawyer
- Training on Tax Law
- Familiarity with laws about complaint
- Familiarity with complaint mechanisms
- Technical assistance on reporting to the Revenue Department
- Being part of an organized network of tax payers mobilized against corruption
- Other (Describe): _____

Appendix 4: Key Informant Coding Protocols

Herat

Construction Companies

KI-M-Her-CC-MTO-1:

KI=Key Informant, M=Male, Her=Herat, CC=Construction Companies, MTO=Medium Tax Payers Office, 1=Sequence

Service Companies

KI-M-Her-SC-MTO-1:

KI=Key Informant, M=Male, Her=Herat, SC=Service Companies, MTO=Medium Tax Payers Office, 1=Sequence

Trade Companies

None.

Craftsmen Union

KI-M-Her-CU-STO-6: KI=Key Informant, M=Male, Her=Herat, CU=Craftsmen Union, STO=Small Tax Payers Office, 6=Sequence

Private Hospitals

KI-M-Her-PH-MTO-1:

KI=Key Informant, M=Male, Her=Herat, PH=Private Hospitals, MTO=Medium Tax Payers Office, 1=Sequence

Private Restaurants

KI-M-Her-PR-MTO-1:

KI=Key Informant, M=Male, Her=Herat, PR=Private Restaurant, MTO=Medium Tax Payers Office, 1=Sequence

Private Wedding hall

KI-M-Her-PW -MTO-1:

KI=Key Informant, M=Male, Her=Herat, PW=Private Wedding Hall, MTO=Medium Tax Payers Office, 1=Sequence

Non-Governmental Organizations

KI-M-Her-NG-MTO-1:

KI=Key Informant, M=Male, Her=Herat, NG=Non-Government Organization, MTO=Medium Tax Payers Office, 1=Sequence

Business Women

KI-M-Her-BW-MTO-1:

KI=Key Informant, F=Female, Maz=Mazar, BW=Business Women, MTO=Medium Tax Payers Office, 1=Sequence

Private Schools

KI-M-Her-PS-MTO-1:

KI=Key Informant, M=Male, Her=Herat, PS=Private Schools, MTO=Medium Tax Payers Office, 1=Sequence

Transportation Companies

KI-M-Her-TRC-MTO-1:

KI=Key Informant, M=Male, Her=Herat, TRC=Transportation Companies, MTO=Medium Tax Payers Office, 1=Sequence

Kabul**Construction Companies**

KI-M-Kab-CC-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, CC=Construction Companies, MTO=Medium Tax Payers Office, 1=Sequence

Service Companies

KI-M-Kab-SC-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, SC=Service Companies, MTO=Medium Tax Payers Office, 1=Sequence

Trade Companies

KI-M-Kab-TC-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, TC=Trade Companies, MTO=Medium Tax Payers Office, 1=Sequence

Craftsmen Union

KI-M-Kab-CU-STO-5:

KI=Key Informant, M=Male, Kab=Kabul, CU=Craftsmen Union, STO=Small Tax Payers Office, 5=Sequence

Private Hospitals

KI-M-Kab-PH-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, PH=Private Hospitals, MTO=Medium Tax Payers Office, 1=Sequence

Private Restaurants

None.

Private Wedding Halls

KI-M-Kab-PW-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, PW=Private Wedding hall, MTO=Medium Tax Payers Office, 1=Sequence

Non-Governmental Organizations

KI-M-Kab-NG-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, NG=Non-Government Organizations, MTO=Medium Tax Payers Office, 1=Sequence

Business Women

KI-M-Kab-BW-MTO-1:

KI=Key Informant, F=Female, Kab=Kabul, BW=Business Women, MTO=Medium Tax Payers Office, 1=Sequence

Private Schools

KI-M-Kab-PS-MTO-1: KI=Key Informant, M=Male, Kab=Kabul, PS=Private Schools, MTO=Medium Tax Payers Office, 1=Sequence

Transportation Companies

KI-M-Kab-TRC-MTO-1:

KI=Key Informant, M=Male, Kab=Kabul, TC=Transportation Companies, MTO=Medium Tax Payers Office, 1=Sequence

Kandahar**Construction Companies**

KI-M-Kan-CC-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, CC=Construction Companies, MTO=Medium Taxpayers Office, 1=Sequence

Service Companies

KI-M-Kan-SC-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, SC=Service Companies, MTO=Medium Tax Payers Office, 1=Sequence

Trade Companies

KI-M-Kan-TC-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, TC=Trade Companies, MTO=Medium Tax Payers Office, 1=Sequence

Craftsmen Union

KI-M-Kan-CU-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, CU=Craftsmen Union, MTO=Medium Tax Payers Office, 1=Sequence

Private Hospitals

KI-M-Kan-PH-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, PH=Private Hospitals, MTO=Medium Tax Payers Office, 1=Sequence

Private Restaurants

KI-M-Kan-PR-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, PR=Private Restaurant, MTO=Medium Tax Payers Office, 1=Sequence

Private Wedding Halls

KI-M-Kan-PW -MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, PW=Private Wedding hall, MTO=Medium Tax Payers Office, 1=Sequence

Non-Governmental Organizations

KI-M-Kan-NG-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, NG=Non-Government Organization, MTO=Medium Tax Payers Office, 1=Sequence

Business Women

KI-F-Kan-BW-MTO-1:

KI=Key Informant, F=Female, Kan=Kandahar, BW=Business Women, MTO=Medium Tax Payers Office, 1=Sequence

Private Schools

KI-M-Kan-PS-MTO-1:

KI=Key Informant, M=Male, Kan=Kandahar, PS=Private Schools, MTO=Medium Tax Payers Office, 1=Sequence

Mazar-e Sharif

Construction Companies

KI-M-Maz-CC-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, CC=Construction Companies, MTO=Medium Tax Payers Office, 1=Sequence

Service Companies

KI-M-Maz-SC -STO-9:

KI=Key Informant, M=Male, Maz=Mazar, SC=Service Companies, MTO=Small Tax Payers Office, 9=Sequence

Trade Companies

KI-M-Maz-TC-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, TC=Trade Companies, MTO=Medium Tax Payers Office, 1=Sequence

Craftsmen Union

KI-M-Maz-CU-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, CU=Craftsmen Union, MTO=Medium Tax Payers Office, 1=Sequence

Private Hospitals

KI-M-Maz-PH-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, PH=Private Hospitals, MTO=Medium Tax Payers Office, 1=Sequence

Private Restaurants

KI-M-Maz-PR-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, PR=Private Restaurant, MTO=Medium Tax Payers Office,
1=Sequence

Private Wedding hall

KI-M-Maz-PW -MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, PW=Private Wedding hall, MTO=Medium Tax Payers Office,
1=Sequence

Non-Governmental Organizations

KI-M-Maz-NG-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, NG=Non-Government Organization, MTO=Medium Tax Payers
Office, 1=Sequence

Business Women

KI-M-Maz-BW-STO-5:

KI=Key Informant, F=Female, Maz=Mazar, BW=Business Women, STO=Small Tax Payers Office,
5=Sequence

Private Schools

KI-M-Maz-PS-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, PS=Private Schools, MTO=Medium Tax Payers Office,
1=Sequence

Transportation Companies

KI-M-Maz-TRC-MTO-1:

KI=Key Informant, M=Male, Maz=Mazar, TRC=Transportation Companies, MTO=Medium Tax Payers
Office, 1=Sequence

Nangarhar

Construction Companies

KI-M-Nan-CC-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, CC=Construction companies, MTO=Medium Tax Payers
Office, 1=Sequence

Service Companies

KI-M-Nan-SC-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, SC=Service Companies, MTO=Medium Tax Payers Office,
1=Sequence

Trade Companies

KI-M-Nan-TC-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, TC=Trade Companies, MTO=Medium Tax Payers Office,
1=Sequence

Craftsmen Union

KI-M-Nan-CU-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, CU=Craftsmen Union, MTO=Medium Tax Payers Office, 1=Sequence

Private Hospitals

KI-M-Nan-PH-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, PH=Private Hospitals, MTO=Medium Tax Payers Office, 1=Sequence

Private Restaurants

KI-M-Nan-PR-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, PR=Private Restaurants, MTO=Medium Tax Payers Office, 1=Sequence

Private Wedding Halls

None.

Non-Governmental Organizations

KI-M-Nan-NG-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, NG=Non-Government Organization, MTO=Medium Tax Payers Office, 1=Sequence

Business Women

KI-M-Nan-BW-MTO-1:

KI=Key Informant, F=Female, Nan=Nangarhar, BW=Business Women, MTO=Medium Tax Payers Office, 1=Sequence

Private Schools

KI-M-Nan-PS-MTO-1:

KI=Key Informant, M=Male, Nan=Nangarhar, PS=Private Schools, MTO=Medium Tax Payers Office, 1=Sequence

Transportation Companies

KI-M-Nan-TRC-LTO-5:

KI=Key Informant, M=Male, Nan=Nangarhar, TC=Transportation Companies, LTO=Large Tax Payers Office, 5=Sequence