



Finance Circular No. X/ 1383
Dated __ April 2004 (__ Hamul, 1383)

Subject: Use of the currency of Afghanistan in payment transactions

According to article 43 of the Law on Da Afghanistan Bank all payments to and by public authorities of Afghanistan in the territory of Afghanistan shall be assessed and paid in the currency of Afghanistan.

This circular does not cover the procedures for collections and re-payment of funds in trust, including taminat.

The operations of diplomatic representations of Afghanistan abroad shall apply separate regulation on the use of foreign currencies in the settlement of compulsory payments and receiving fees for the services preformed.

1. Payments to the government

Government officers shall assess the payments to the government and to advise payers to make payments only in the currency of Afghanistan.

The category domestic payments as applied in this finance circular shall comprise of payments made in Afghanistan between individuals or legal entities of Afghanistan (residents) or any parties making compulsory payments to the government.

Compulsory payments to the government include the settlement of taxes, fees, duties, or payments for the government services on the territory of Afghanistan.

The government officials may issue receipt instructions in foreign currency to non-residents, except for receiving compulsory payments. The example of such payments by individuals or legal entities non-residents may be the following:

- Receipt of grants or loans from foreign donors;
- Payments to Transitional Islamic State of Afghanistan by international organizations or foreign companies having no representative office in the territory of Afghanistan.

All domestic payments to the government made in foreign currency shall be re-denominated into the currency of Afghanistan:

- the payments made before the last business day of 1382 – at the exchange rate on the last business day of 1382;
- for the payments made in 1383 and thereafter – at the exchange rate effective on the day of payment.

Banks receiving domestic payments to the government authorities shall credit due government accounts in the currency of Afghanistan and issue receipt to the payer in the currency of Afghanistan, even if foreign currency is used for the purchase of the payment equivalent in the currency of Afghanistan. The

receipt shall carry the amount of foreign currency collected and exchange rate applied in the case of payer choosing to use foreign currency for the settlement.

In exceptional cases the Minister of Finance may advise on collecting a payment in foreign currency in the interests of government cash management.

2. Payments by the government

Government officers shall ensure that the contractual obligations on behalf of their respective entities assume settlement of any payments and claims in the currency of Afghanistan.

Foreign currency may be used in the following settlements:

- for payments related to travel abroad;
- for government entities abroad;
- for settlements of obligations for goods and services delivered by non-residents;
- where grant or loan agreements specifically require so.

In exceptional cases the Minister of Finance may authorize payment in foreign currency in the interests of efficiency.

Salutation

Dr. Ghani
Minister of Finance
