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USAID **50** ANNIVERSARY

SNAPSHOT

## Registration Raises Revenue

**A new business registration system allows municipalities to raise revenues from a sustainable source**



Photo: USAID/RAMP UP

*During a survey of commercial establishments for registration and licensing, the municipal revenue officer is interviewing a bakery owner.*

**Municipalities nationwide will implement the system used in Charikar to increase the collection of revenues from business fees and taxes.**

Municipalities in Afghanistan depend on locally generated resources to finance their operational and development costs. Business licenses are a sustainable source of local revenue but most municipalities lack an effective registration mechanism to get the most out of this resource.

To increase revenue from license fees, USAID developed a new business registration system and tested the system in the municipalities of Charikar and Mahmud-i-Raqi. After USAID presented the test results at a regional mayor's conference, all the mayors requested the new system. By the end of September 2011, 13,000 businesses had already registered.

In late October 2011, the Afghanistan General Department of Municipal Affairs endorsed implementing the system in all urban municipalities throughout Afghanistan to replace the manual record keeping system, which previously made the registration process lengthy and prone to errors.

The revenue collection officer of Charikar said, "We have increased our revenues ten-fold by implementing this new system." He reported that the system has not only made the business licensing process fast and accurate but it also has standardized the assessment of registration fees.

Mayors are actively advocating with business owners to register under the new system, while explaining how enforcement of business licensing will benefit them in terms of better services and more resources for utilities and infrastructure in the municipality.

"I see that the licensing campaign is a good thing and I will encourage the other handcart vendors to register. However, we also want the municipality to show us how they are calculating the fees and how they will use the revenues for community projects," said Haji Muhammad Saber, one of the handcart vendors in the municipality of Pul-i-Alam.

The business registration campaign has created a strong interest from the business community and flooded the municipalities with various initiatives. "We are going to form a union so that we can present all our questions and feedback to the municipality as a group," said local businessman Dr. Waziri.