



JURISDICTIONAL PROFILE: **Afghanistan**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Afghanistan. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Da Afghanistan Bank (the Central Bank of Afghanistan)
Role of the organisation	The Central Bank of Afghanistan regulates banks and other financial institutions. The Central Bank enforces the requirement in the banking law that all banks follow IFRS Standards in their financial reports.
Website	www.centralbank.gov.af
Email contact	syed.younas@centralbank.gov.af

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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Evidence of this support can be found in the Corporations and Limited Liability Companies Law of Afghanistan and the Afghanistan Banking Law, both of which have adopted IFRS Standards as issued by the International Accounting Standards Board (Board). Articles 28 and 101 of Da Afghanistan Bank (Central Bank) Law require the Central Bank to use IFRS Standards.

<https://www.afghanembassy-uae.com/en/investment-related-laws.html>

Both the Law of Banking and the Da Afghanistan Law can be found under the Laws and Regulations of the 'Legislation' section of the Central Bank's website.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes. See above.
What is the jurisdiction's status of adoption?	Afghanistan has adopted IFRS Standards for all companies other than micro-sized companies and for all banks.
Additional comments provided on the adoption status?	Article 54 of the Corporations and Limited Liability Companies Law of Afghanistan states: ARTICLE 54: Preparation and Delivery of Financial Statements: (1) Not less than 15 days prior to the Regular/Annual Meeting of the Shareholders, the Corporation shall deliver to all of the Shareholders entitled to attend such Meeting Financial Statements dated as of the last day of the fiscal year of the Corporation, which shall include the balance sheet dated as of the last day of the fiscal year and the profit and loss statement of the Corporation for the fiscal year. All Financial Statements shall include all operations of the company and shall comply in all material respects, with the applicable accounting standards set forth by the International Accounting Standards Board. The Law of Banking requires all banks to follow accounting standards prescribed by regulation of the Central Bank. The Central Bank has prescribed the use of IFRS Standards.
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	There is currently no stock exchange in Afghanistan.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Not applicable.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.
Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	There is currently no stock exchange in Afghanistan.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Not applicable.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	As explained above, IFRS Standards are required for all companies (other than micro-sized) and banks by both the Corporations and Limited Liability Companies Law of Afghanistan and the http://dab.gov.af/en/page/laws-regulations/laws Afghanistan Banking Law.
If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?	Not applicable.
<i>For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:</i>	
Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?	There is currently no stock exchange in Afghanistan.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?	Not applicable.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.
IFRS ENDORSEMENT	
Which IFRS Accounting Standards are required or permitted for domestic companies?	IFRS Standards as issued by the Board.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	IFRS Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	No.

Are IFRS Accounting Standards incorporated into law or regulations?	Yes. See above.
If yes, how does that process work?	IFRS Standards are required by law. This covers all new and amended IFRS Standards. There is no need to incorporate individual new or amended IFRS Standards into law or regulations.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Both the Afghanistan Corporations and Limited Liability Companies Law and the Law of Banking require IFRS Standards (see above). This covers all new and amended IFRS Standards. There is no need to incorporate individual new or amended IFRS Standards into law or regulations.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	Currently, the English language standards are required. However, the Central Bank recognises a need to translate IFRS Standards into Dari, one of the two official languages of Afghanistan.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not currently. However, the World Bank Report on Observance of Standards and Codes (ROSC) Accounting & Auditing for Afghanistan (2009) has recommended adoption of the <i>IFRS for SMEs</i> Standard.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

The Corporations and Limited Liability Companies Law of Afghanistan requires all companies other than micro-sized companies to use IFRS Standards. Micro-sized companies may use a cash basis of accounting

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.