

INTERNATIONAL STABILITY OPERATIONS ASSOCIATION (ISOA)
WHITE PAPER

TAXATION OF US GOVERNMENT CONTRACTORS IN AFGHANISTAN:
THE CASE FOR A NEW, CONGRESSIONALLY-MANDATED MODEL
IN TOTAL FORCE RELATIONS WITH HOST NATION GOVERNMENTS

November 27, 2017

Executive Summary

1. The Problem: Host Nation Government (“HNG”) improper levying of taxes and “regulatory” fees of all sorts on DoD Contractors, facilitates, rewards and incentivizes corruption within HNGs, “double-taps” the American Taxpayer, and impedes mission performance.
2. The Solution: Removes forward-deployed DoD Contractors from the reach of unfair Host Nation Governments as an anti-corruption measure.
3. Key Features:
 - a. Mandates Forward-Deployed DoD Contractor reporting on all contact with the HNG, including attempted levying of taxes and fees.
 - b. Requires centralized aggregation (fusion), and analysis of such reporting, in order to:
 - (1) Facilitate mandatory reporting by SECDEF to S/HASC; and
 - (2) Quantify such prohibited levies;
 - c. Mandates 5:1 (USD), targeted withholding of USG aid to HNGs making such prohibited levies.
 - d. Makes it a criminal offense for any U.S. Person to solicit, make, aid or abet any payment prohibited by the act, with enhanced financial penalty for any such U.S. Person serving in the Host Nation Government.
 - e. Denies U.S. visa, provides for the freezing and forfeiture of financial and other assets of any offending non-U.S. person, and creates a civil cause of action that may be brought by any U.S. person who was the object or target of any prohibited conduct.
 - f. Prohibits and penalizes HNG officials for prolonged detention of DoD contractor personnel and seizure of passports.
 - g. Restores U.S. sovereign control over the U.S. Total Force by establishing terms and conditions under which DoD Contractors are forward-deployed as a component of the Total Force.
 - h. Enhances Host Nation sovereignty, stability, and economy by:

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- (1) Countering HNG corruption, which:
 - (a) Undermines HNG credibility within the HN population and aids the insurgency;
 - (b) Retards the development of the indigenous economy; and
 - (c) Deters Foreign Direct Investment.

- (2) Increasing DoD Contractor (and therefore, Total Force) accountability, through:
 - (a) Mandatory reporting;
 - (b) Clear chain of reporting and oversight;
 - (c) OSD Center of Excellence and Contractor Oversight Cells at Theater and Combatant Commands;
 - (d) Clear mechanisms for handling claims and criminal misconduct; and
 - (e) Mandatory vehicle markings.

- (3) Providing clear means of redress for HNG and HN nationals; and

- (4) Deterring corruption by U.S. Persons serving in the HNG.
 - i. Establishes a Joint Commission in Washington, DC, co-chaired by HN Ambassador and OSD SES or Flag Officer, which:
 - (1) Shifts burden from Warfighter (Theater Commander) to OSD;

 - (2) Enables long-term continuity and institutional memory on US-side in negotiations, policy and problem-solving.

 - (3) Provides HNG with a ready means of redress through a permanent bi-lateral forum.