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| **Work Item**  **Rapporteur** | **PRS2: Rationalization of Tax Structure in Telecommunication**  **Ananda Raj Khanal, Nepal** |
| **Output** | Report/Guideline |
| **Background and Purpose** | Telecommunication/ICTs/Broadband is not only a tool for socio-economic development for any country but an industry in itself. Even during the economic downturn this sector remained largely unaffected. In the liberalized economy, there has been a steady growth of private investment both domestic and foreign in this sector. At the same time, some of the governments are trying to make this sector as a goose that lay golden eggs. And there have been some negative impacts in the development of this sector due to heavy taxation. The purpose of this study will be to find the types and amount of tax that the government levies from telecom sector and to identify if there is any correlation between taxation and the sector development and its adoption. |
| **Scope** | To assess the policy and legal framework for taxation including the direct and indirect taxes applicable for telecom sector value chain/ecosystem in the SATRC countries  To estimate the contribution of telecom sector value chain/ecosystem on the GDP and total government tax in the SATRC countries  To estimate the total FDI in the telecom sector/value chain/ecosystem in the SATRC countries  To assess the impact of taxation on the development of the telecom sector sector/value chain/ecosystem in the SATRC countries  To assess the Impact of taxation on the tariff, service adoption and QoS of telecom services |
| **Time Frame** | Total study period would be approximately 1 year |
| **Utilization of Output** | Policy makers/Government/Regulator ( as advisors to Government on Taxation on telecom sector) in SATRC member states and other countries |

Time management plan for Study item 2: Rationalization of Taxation Structure in telecommunication sector

* Send the questionnaire to the expert group for comments and feedback –end of october
* Finalize the questionnaire –second week of November
* Circulate the questionnaire-second week of November
* Collect the response from the member states-second week of January 2013
* Analysis and Report writing –July end 2013
* Circulate the first draft of the report for comments and feedback-First week of August 2013
* Incorporate the comments and feedback in the report and finalize the report final draft-December 2013
* Send the final draft to the APT secretariat- December 2013

Questionnaire:

This questionnaire developed by the Rapporteur for the consideration ,feedback and comments

Of the expert group of SATRC Working Group on Policy, Regulation and Services

Please send your comments and feedback on the proposed questionnaire by 14 November 2012

General Note: Most of the qualitative questions can only be answered on the basis of some kind of study or research .Most the quantitative questions can be answered either in % or in absolute monetary unit. The monetary unit will be converted into USD for comparison purpose.

1. What are the telecom-specific taxation laws and policies currently underway in your country? A brief summary is appreciated. Please also provide a link to the website of the document if it is available.
2. What has been the contribution of telecom sector to Government taxes over the last few years? Current 3-5 years data and its contribution in percentage to the overall tax would be desirable.
3. What has been the contribution of telecom sector to GDP over the last few years? Current 3-5 years data and its contribution in percentage to the overall GDP would be desirable.
4. What is the contribution of telecom sector to taxes as compared to its contribution to the GDP?
5. How can the revenue collection from telecom sector be enhanced?
6. What improvements can be made in the taxation laws and policies regarding the telecom sector to ensure sector growth?
7. Is the existing tax structure the most efficient means of raising the current level of tax revenue?
8. Does the existing tax system distort the consumer’s choice between competing telecommunications services and technologies?
9. Does the existing tax system distort the location decision of telecommunications providers or consumers?
10. What is the trend of telecom’s contribution to growth and investment in the economy for the past few years?
11. What role has the telecom sector played in employment generation? Please identify the broad categories of telecom sector ecosystem where jobs are created and provide the numbers if available.
12. What has been the impact of boom in telecom sector on the cost of doing business in your country?
13. How has telecom sector enhanced the efficiency and productivity of the economy?
14. Is there any study on assessment of the impact of tax related price increases on
    1. penetration,
    2. traffic volume,
    3. total turnover and
    4. investment
    5. Service adoption
    6. Consumer tariff

in the telecom sector in your country? If yes please provide the summary and also provide the research/study report or link.

Tax specific questions for mobile service:

1. How much is the license fees for operating a mobile service in your country?
2. How much is the frequency acquisition fees for operating a mobile service in your country? How much bandwidth is minimum available for operating mobile service in different frequency bands?
3. How much is the annual frequency fees per MHz? or there is any other criterion for fixing the frequency fees?
4. How much is the mobile service tax payable by the subscribers in actual bills? Provide the amount for the following :

* Value added tax or similar tax: most countries impose some form of value-added tax, a general sales tax or similar consumption tax as a percent of the total bill in %
* Telecom specific taxes: some countries charge an additional special communications tax as a percent of the service bill in %
* Fixed taxes: in addition to the tax as a percentage of usage, some countries charge a fixed tax that could be either driven by general communications usage or wireless usage
* Any other taxes?

1. In addition to service-based taxes, other levies can be imposed on handsets :How much tax is imposed on the purchase of mobile set? Provide the amount for the following :

* Value-added tax: these represent the taxes paid directly by the consumer at time of purchasing a subscription or handset, as well as when exchanging the device in %
* Customs duty: this tax is already included in the retail price of the handset in %
* Other taxes: telecommunications specific taxes on handsets (e.g. royalties calculated on the cost of handset) in %
* Fixed taxes: special fixed duties on handset, such as ownership fees

1. How much is the SIM ownership tax or charge for mobile ? For pre-paid ? for post paid? If any.
2. Are the telecom service providers subject to USO fund contribution or similar fund ? If yes, how much?
3. How much is the government royalty payable by the telecom service provider or operator annually?
4. How much is the corporate tax payable by the telecom service provider or operator annually?
5. How much is the infrastructure import tax such as BTS/M SC etc. payable by the telecom service provider or operator? Is there any separate tax structure for Radio Equipment?
6. Is International bandwidth purchase subject to any tax in your country? If yes, how much?
7. Do you have cases of double taxation within your country in any of the telecom services? If yes,please indicate.
8. Is there a telecom sector specific levies in your country? If yes quantify it.
9. What is the amount of tax imposed for the international call termination? Indicate all types of taxes?