



A4AI Ghana Coalition

Working Groups Progress Reports

Taxation Working Group

July, 2016



Policy & Regulatory Reform

Taxation Areas (Targeted):

- Surcharge on International Inbound Traffic (SIIT)
 - Price Arbitrage/Simboxing
- 20% Import Duty on Mobile Devices
- VAT on Mobile Money
- National Fiscal Stabilization Levy
- Tower Moratorium Penalties

Message:

- These taxes increase barriers to affordability, reduce investment and undermine the competitiveness of Ghana

Risk/Challenges:

- Government's fiscal deficit & revenue demands
- Stakeholder Buy-in
- Election Year.

KEY ACTIVITIES 2016



TEAM APPROACH / STRATEGIC ENGAGEMENTS

TIMELINE

GROUP MEETING

All Year

- Champions Meeting
- Taxation Team Engagement

STRATEGIC ENGAGEMENTS

All Year

- Meetings with the MoF
- Meetings with the MoC [Minister, Deputy & CD]
- Meetings with Central Bank, GRA etc

RESEARCH ON TAX IMPLICATIONS TO TELCO INDUSTRY

- GSMA Ghana Tax Study
- Study with PwC








Launched (Q1 2015)

Launched (Q4 2015)

General Taxes

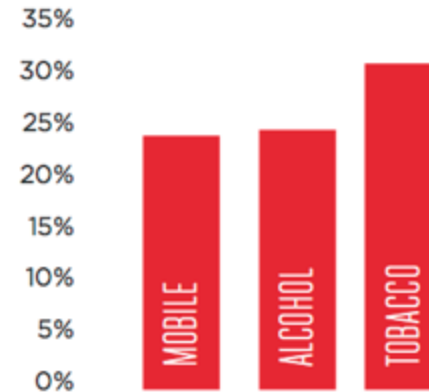


Taxes levied on mobile operators in Ghana

TAX BASE		TAX TYPE	TAX RATE
Imported network equipment and SIM cards		VAT	15%
		Customs Duties (and additional charges)	Up to 20%
		National Health Insurance Levy	2.5%
Taxes	Profits	Corporation tax	25%
		National Fiscal Stabilisation Levy	5%
Annual regulatory fees	Termination/ Interconnection revenues	SIIT	GH¢ 0.19
		 CST on interconnection	6%
	Fixed amounts	 Ghana Investment Fund for Electronic Communications (GIFEC)	1%
		 Variable licence fee	1%
		 International Gateway Licence	\$100k
Per phone number	 Right of way fees for fibre rollout	\$4000/km on average	
	 Microwave fees	Per link	
	 Numbering fee	Up to \$0.50 per number	

Key: Operator taxes on equipment Other operator taxes Mobile-specific

Taxation as a proportion of usage costs



Source: Deloitte analysis

- About 40% of Operator revenues is in the form of taxes which forms about 9.1% of GoG's total income.
- Inefficiencies in the market reduce growth and investment in the mobile sector.

Policy & Regulatory Reform



MESSAGE:

- Consumer taxes create barriers to affordability
- Taxes on mobile operators reduce growth and investment in the mobile sector
- The tax burden on mobile is higher than that on many other sectors
- ReBalancing Mobile Taxes;
 - Increases access to ICT
 - Promotes digital inclusion and increase economic growth
 - Incentivise investments, enhance rural telephony

PRIORITY TAXES



20% Import Duty on Mobile Devices

TIMELINE

Current Status

- CET implementation underway...
- TWG monitoring impact on the industry and consumers
- Feedback from OEMs has been, old stock currently in stores

High Level Joint Stakeholder Engagement

Q1 2016

- TWG engaged the Minister of Finance to speed up implementation
- Tax Policy Unit notified TWG of the effected changes from 20% to 10%.

PRIORITY TAXES



National Fiscal Stabilization Levy

TIMELINE

Current Position:

- Government extended this levy beyond the sunset clause of December 2014 to 2017
- Team continues to monitor effect of this tax and will share detailed impact in due course etc.

PRIORITY TAXES



VAT on Mobile Money

TIMELINE

High Level Stakeholder Engagement

The TWG led a series of bilateral engagements;

- Engaged the Tax Policy Unit
- Engaged the Central Bank

Q1-Q2
2016

Current Position:

- **Suspended indefinitely**
- Possible review of MM guidelines.....
Issues surrounding VAT is out of the discussions and roadmap documents circulated from the Central Bank



PRIORITY TAXES



Tower Moratorium Update

TIMELINE

Current Status

- Ministry requests an extension by 2years.
- TWG research indicates
 - *9million customers to loose service*
 - *Over 4,000,000 cedis penalty a day to the industry*

Q2 2016

High Level Joint Stakeholder Engagement

- TWG engaged the Regulator and Ministry
- Ministry notified TWG of inability to resolve this due to elections



Next Steps

- Align & Intensify our Interventions with National Coordinator
 - Creating parallel engagement lines to enhance lobby/education efforts



MUCHAS GRACIAS!
THE TAXATION WORKING GRP!

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