

PROPOSED COMMUNICATION SERVICE TAX



CURRENTLY



The main access point to internet in Nigeria is mobile

13%⁽¹⁾

of Nigerians get broadband access via mobile

30%

Nigeria aims to achieve 30% broadband penetration by Dec. 2017

14%

The estimated broadband penetration in Nigeria currently

84m

The total current Internet users in Nigeria

which is about **3.8%**

of World Internet Users

\$ 2,970⁽²⁾

the average income in 2014

40%

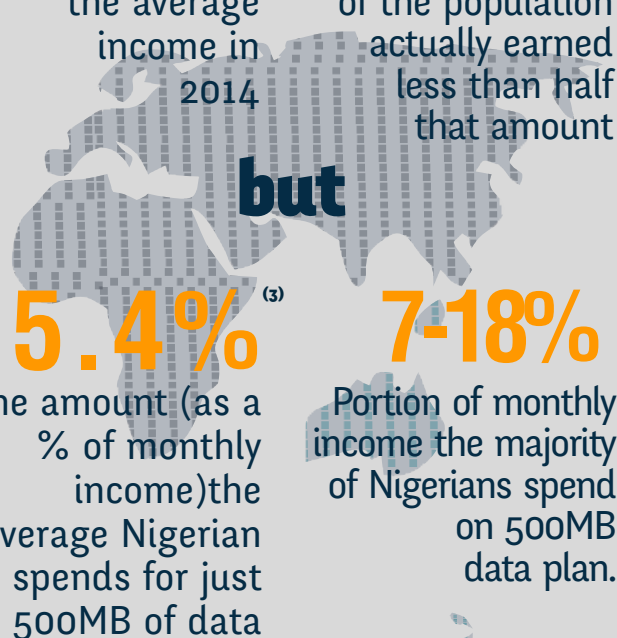
of the population actually earned less than half that amount

5.4%⁽³⁾

the amount (as a % of monthly income) the average Nigerian spends for just 500MB of data

7-18%

Portion of monthly income the majority of Nigerians spend on 500MB data plan.



CURRENT MOBILE SECTOR TAX-REGIME IN NIGERIA



26

Total number of taxes applicable to the mobile sector.

\$850m

Amount mobile operators paid in taxes & regulatory fees to the government in 2014, compared to \$760m in 2013.



Duties on imported equipment



Taxes on profits



Environmental taxes



Regulatory fees

5%

Value-added tax (VAT)

35%

Special Levy

20%

SIM cards

12%

Handsets

#NoToCommServiceTax

Sources

1. ITU 2015, & GSMA Intelligence 2016
2. World Bank
3. ITU 2015, A4AI's 2015/16 Affordability Report

PROPOSED COMMUNICATION SERVICE TAX



9%⁽⁴⁾

Proposed new charge for use of communication services



Higher cost of operation



Higher prices for the final consumer

Potential Impact of the CST

80% of Nigerians, a total of 144m, can afford Nigeria's cheapest 1GB plan

CST

the number that can afford the 1GB plan drops to 126M Nigerians or

70%

currently, only **20%** of Nigerians can afford the 1.5GB Data Package which is about 36m people

CST

only **10%** Nigerians will be able to afford the 1.5GB Data plan, an equivalent of 18m people

RECOMMENDATIONS



Do not introduce the tax OR consider a lower tax rate

The CST will make internet un-affordable for millions of Nigerians. We urge the National Assembly to reconsider passage of the CST.



Balanced fiscal policy that considers affordability of mobile broadband

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Sources

4. Section 4 of Response of the Alliance for Affordable Internet (A4AI)-Nigeria Coalition to the proposed Communication Service Tax