Global Mobile Tax Review 2010/11

A Deloitte/GSMA presentation

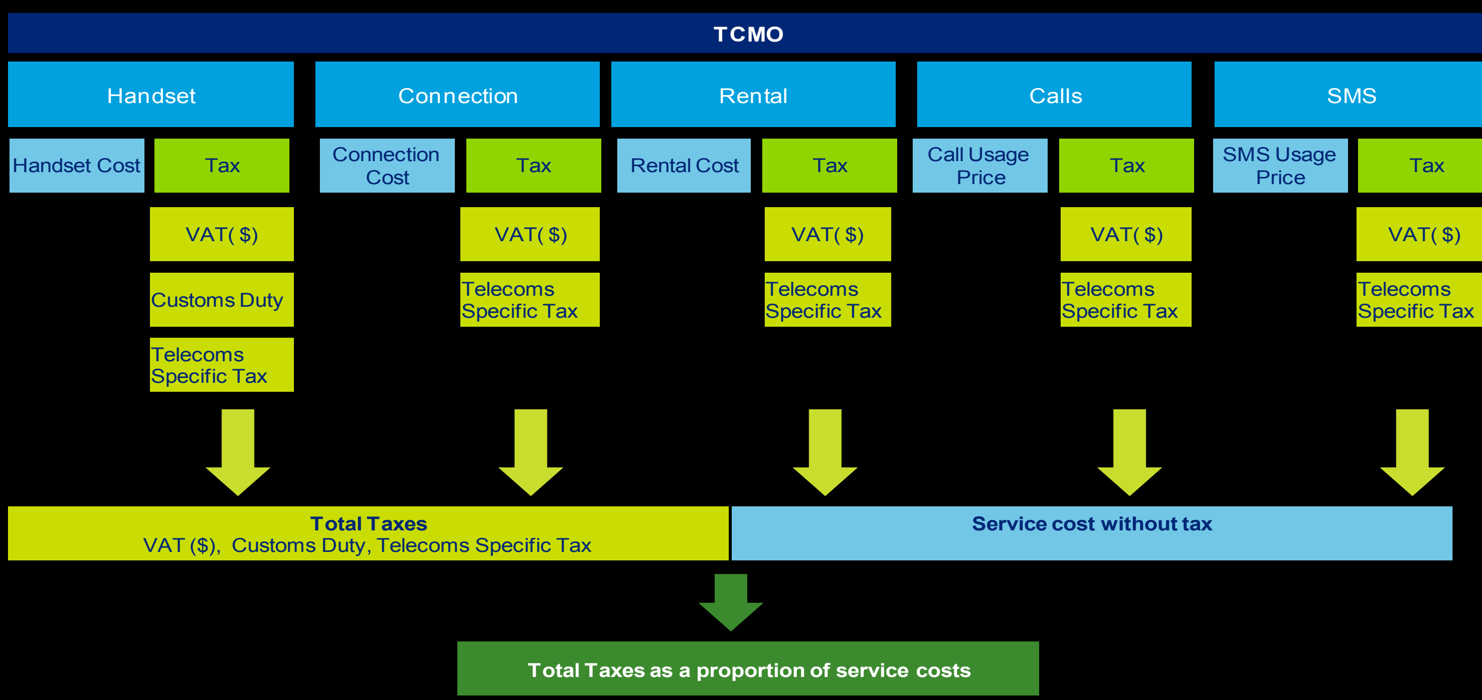
Geneva, September 2011

Introduction

- The GSMA commissioned Deloitte to undertake a global study on taxation on mobile services in 111 countries worldwide; this is a refresh of a study first undertaken in 2007
- This presentation includes:
  - The main results of the global analysis
  - The findings in relation to surtaxes on international traffic termination
  - A case study on mobile taxation in Kenya

Tax is measured as a proportion of mobile service costs

- The study measures consumer taxes on mobile services as a proportion of the Total Cost of Mobile Ownership (TCMO) and the Total Cost of Mobile Usage (TCMU)
- TCMO includes handset costs*, connection costs, rental costs (typically for post-pay services) and call and SMS usage costs
- TCMU focuses on service usage and does not include handset and connection costs
- The research utilised data on usage and prices for prepay and post-pay customers in each of the target countries



Source: Deloitte analysis

*Handset and connection costs are amortised over an appropriate period

Taxation of this sector has increased since 2007

- Previous GSMA studies* indicated that mobile telecommunication taxes were disproportionately high in many developing countries and that even small cuts in taxes many attract significantly more mobile users

- However, in response to the 2008 global economic crisis, governments seeking to cover budget deficits often turned to growing telecommunication service usage as a source of increased tax revenues

- The average taxation of mobile services has increased since 2007, up to 18.04% from 17.30%

- Airtime excises have increasingly been used by governments to raise revenues, negatively affecting the benefits for consumers of competitive price decreases

* GSMA, "Tax and the Digital Divide - How new approaches to mobile taxation can connect the unconnected", 2005
GSMA/Deloitte, "Global Mobile Tax Review 2006/7", 2007

Typical consumer taxes that apply to mobile services

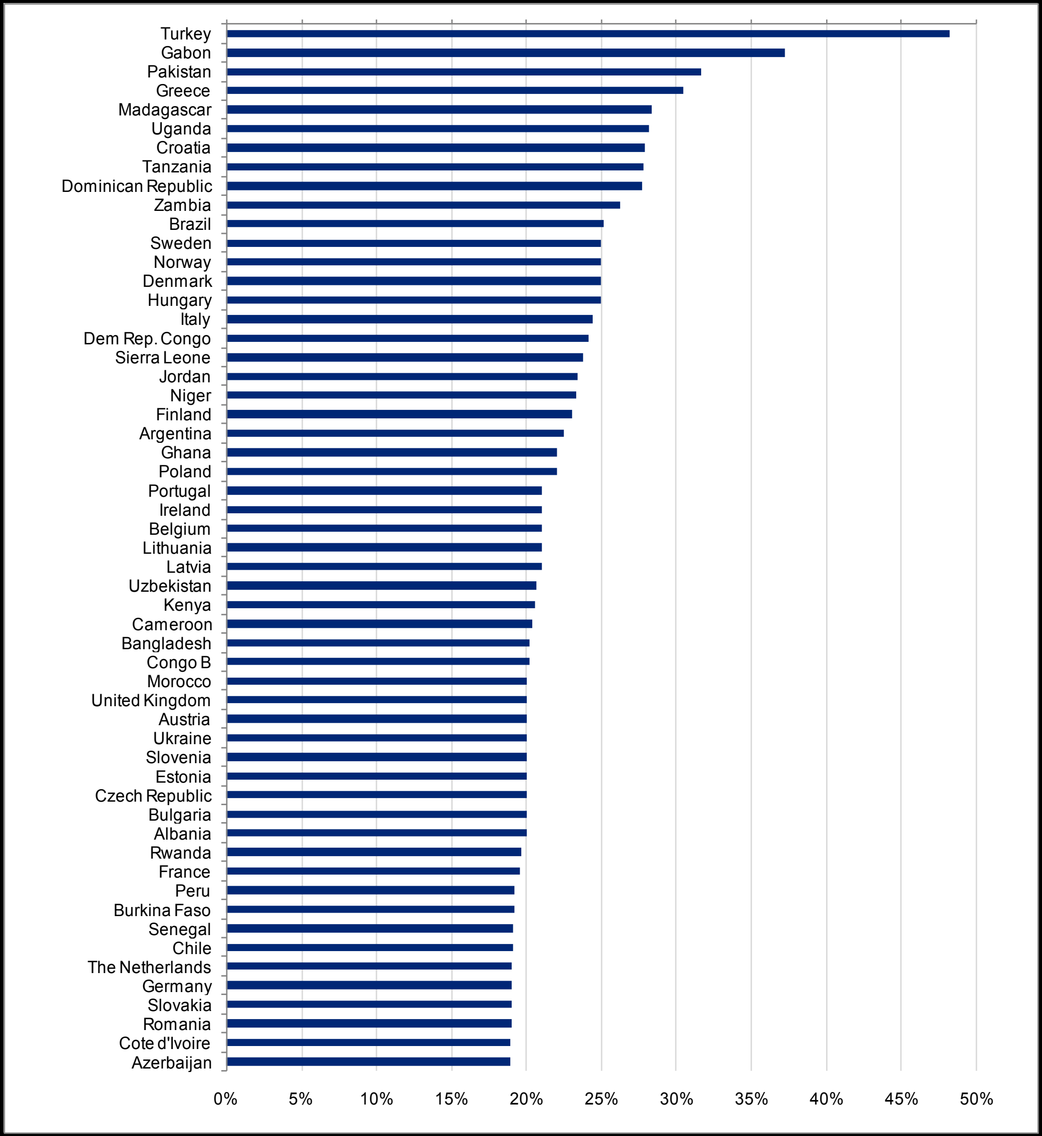
- VAT or General Sales Tax
  - Mobile services sometimes attract higher VAT e.g. in Pakistan the VAT rate for telecoms is 3.5% higher than VAT on other goods

- Customs duty and excise taxes on handsets
  - Handsets are often still treated as luxury items and often attract high customs duty rates and other special contributions e.g. in Gabon mobile handsets are subject to a 30% customs duty and a $5 fixed fee

- Special communication taxes on mobile usage
  - Airtime excise duty in Africa applying to calls and SMS usage in addition to VAT
  - Special taxes e.g. in Croatia, introduced in response to the financial crisis

- Other telecoms-specific taxes
  - SIM activation taxes, e.g. in Bangladesh
  - Taxes on connection, e.g. in Turkey
  - Monthly contributions for post-pay customers
  - Health insurance tax levied on mobile services, e.g. in Ghana

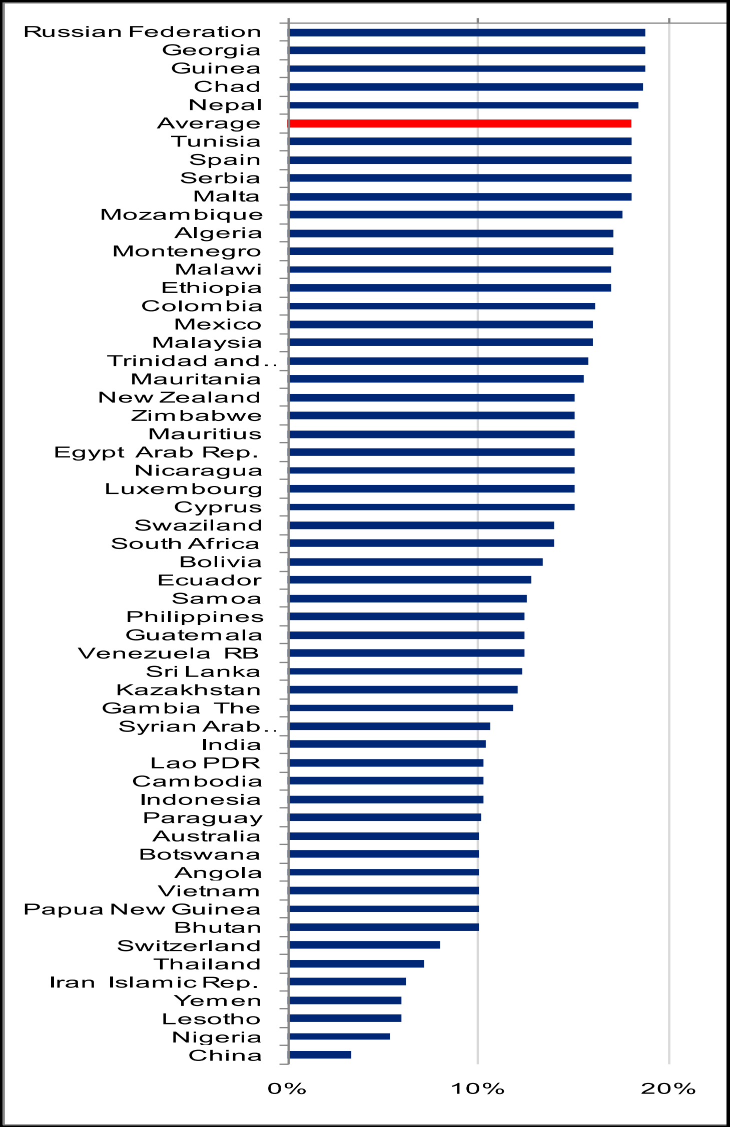
Tax as a share of TCMO is highest in Turkey, Gabon & Pakistan



- The table shows tax as a proportion of TCMO for each of the top half countries in the study
- High level of TCMO generally means that a specific mobile tax exists
- In Turkey tax represents more than 48% of TCMO. This has increased from 44% in 2007
- TCMO in Gabon is the next highest at 37%. This has increased significantly from 19% in 2007
- Pakistan comes third with a 32% TCMO due to high fixed and variable taxes on mobile ownership and usage
- Of the ten countries with the highest TCMO, five are in Africa

Source: Deloitte analysis

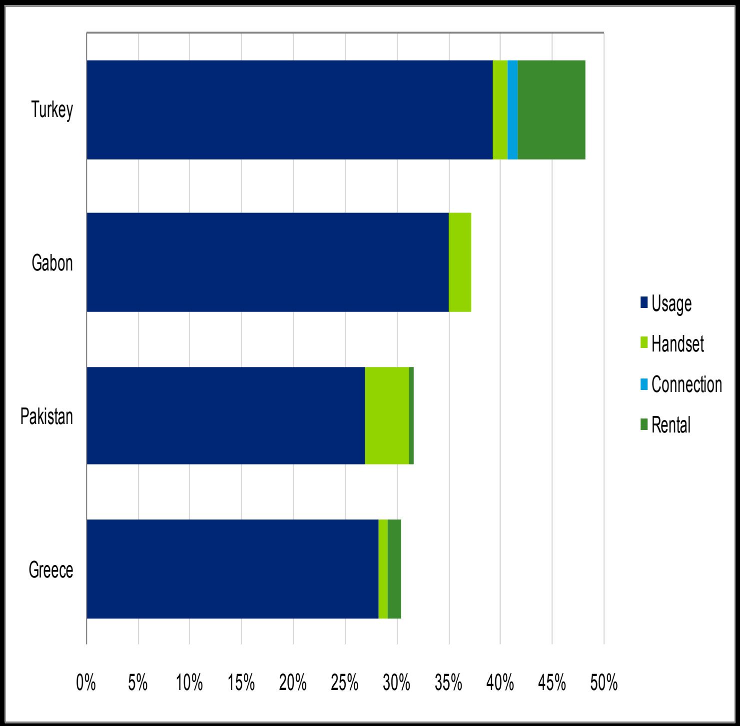
Average tax as a proportion of TCMO has increased



- This chart shows that the average tax as a proportion of TCMO is now 18.04%, compared to 17.30% in 2007
- Countries at the bottom of the chart are those countries with low VAT levels (and no other tax) such as China, Nigeria and Lesotho
- In Lesotho mobile services attract a lower VAT than other services as the government here has recognised the social importance of mobile communications

Source: Deloitte analysis

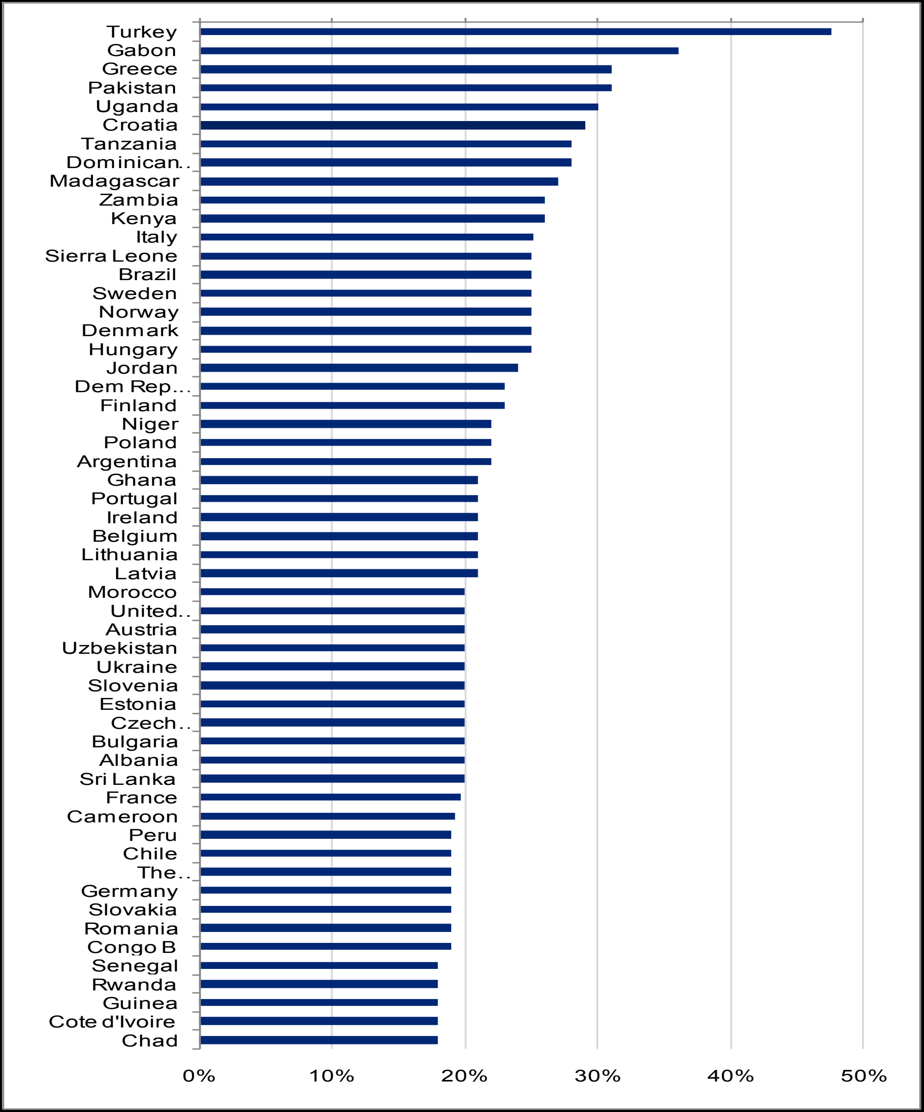
The most taxed consumers suffer from high usage tax



Source: Deloitte analysis

- This chart shows tax as a proportion of TCMO broken down by tax on service components
- It indicates that taxes on usage represent the largest component of mobile taxation
- Consumers in Turkey suffer a 20% Special Consumption tax on handsets in addition to VAT of 18%. A special communications tax of 25% applies to usage. A fixed communication tax of 34TL applies on connection, in addition to a wireless charge of 13.2 TL
- In Gabon, a 30% customs duty applies to handsets in addition to a $5 special tax on each handset. This is in addition to VAT of 18% and an airtime excise of 18%
- In Pakistan, both handsets and connection are subject to a fixed tax of Rs 250. An 11.5% withholding tax on prepaid calling cards applies. This was increased from 10% in 2011. The telecoms sector also suffers VAT at 3.5% higher than other sectors at a rate of 19.5%
- In Greece, a 12% airtime excise applies on usage of calls and SMS

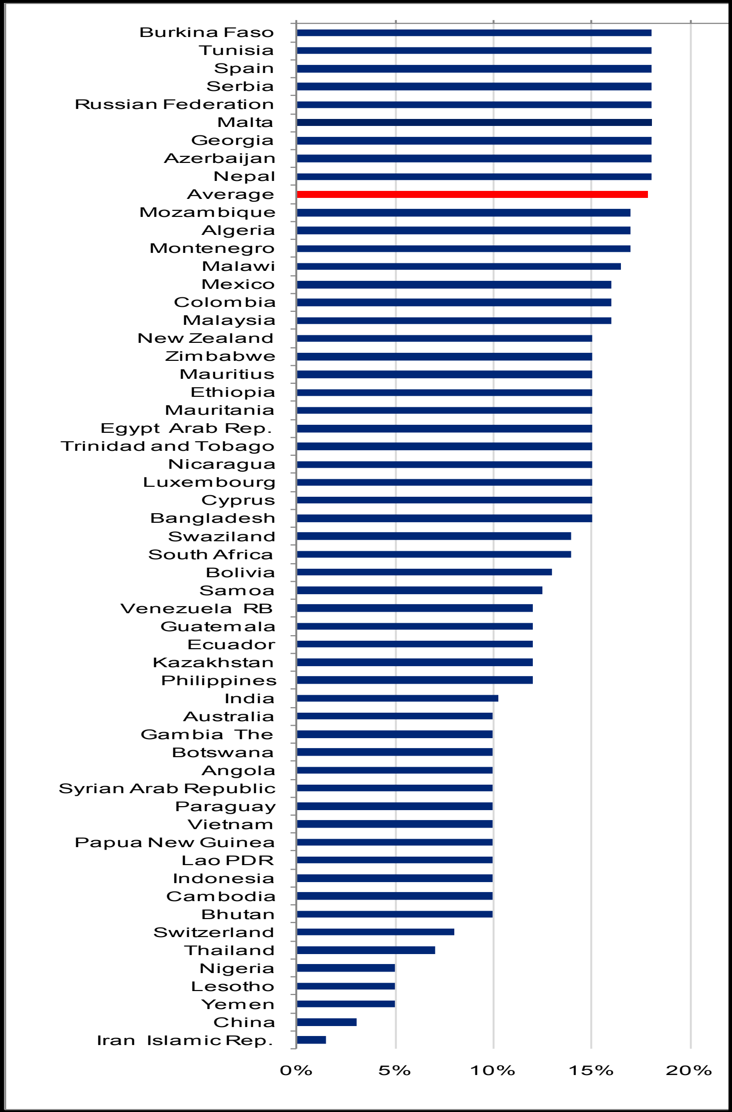
Taxes on usage are highest in Turkey, Gabon and Greece



- This table shows tax as a proportion of Total Cost of Mobile Usage for the top half of countries in our panel
- In all countries where taxes are high, airtime excise applies on usage:
  - Turkey - 25%
  - Gabon -18%
  - Greece - 12%
  - Pakistan -11.5%
  - Uganda - 12%

Source: Deloitte analysis

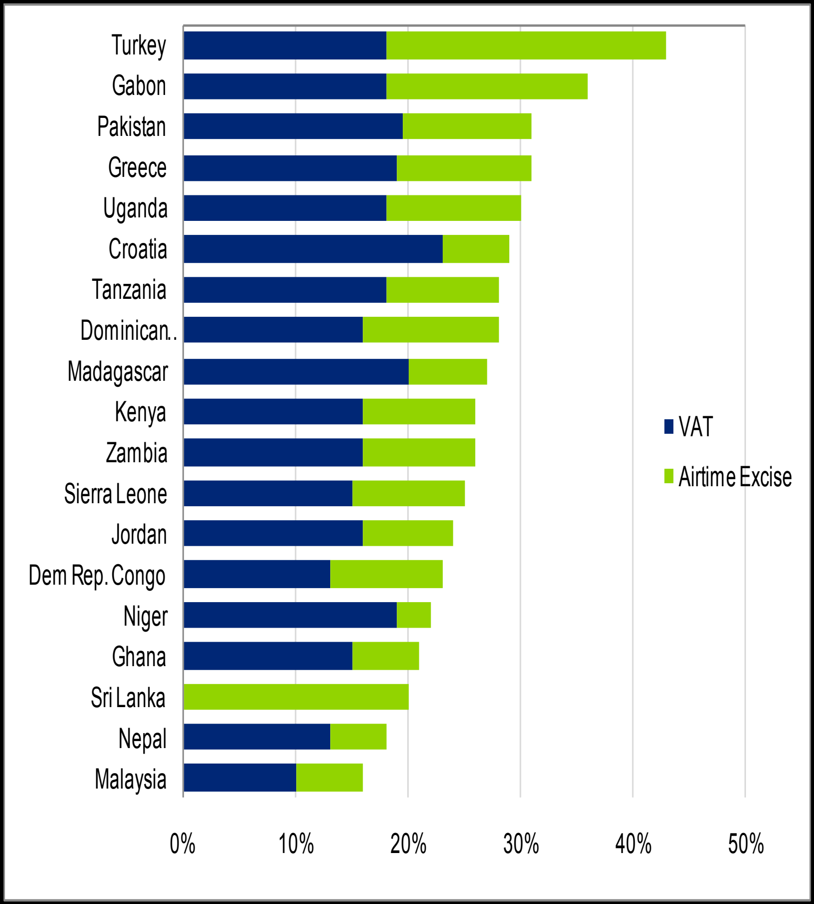
Average tax as a proportion of TCMU has also increased



- This chart shows the average TCMU is 17.83%. In 2007 the average TCMU was 16.79%
- Countries at the bottom of the chart are those countries with low VAT levels
- For these countries, typically only VAT applies and no other usage tax is levied

Source: Deloitte analysis

Excises on airtime may reduce consumption of mobile services

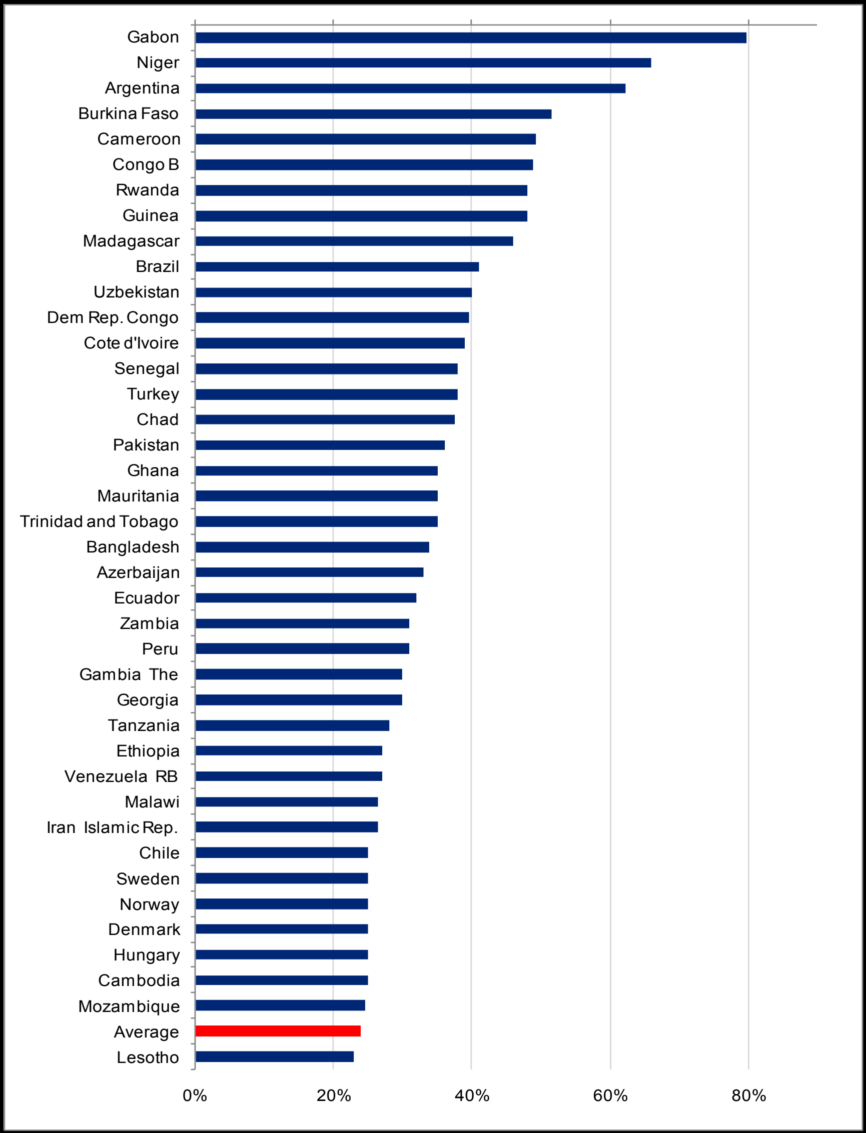


Source: Deloitte analysis

- This table shows tax as a proportion of TCMU broken down by VAT and excise airtime for the countries in our sample which impose special usage taxes
- Turkey imposes the highest airtime excise with a Special Communications tax of 25% on usage in addition to VAT of 18%
- Gabon imposes an 18% airtime excise tax in addition to VAT of 18%
- Greece and Uganda have a special airtime tax of 12%
- Of the countries in our sample charging an airtime excise, ten are in Africa
- In Croatia in 2009 the government introduced a mobile-only 6% charge on operators' revenues, which indirectly impacts price for mobile voice services, SMS, MMS*

* While not defined by the Croatian government as an airtime excise tax like in Africa, this charge generates a similar impact on consumers

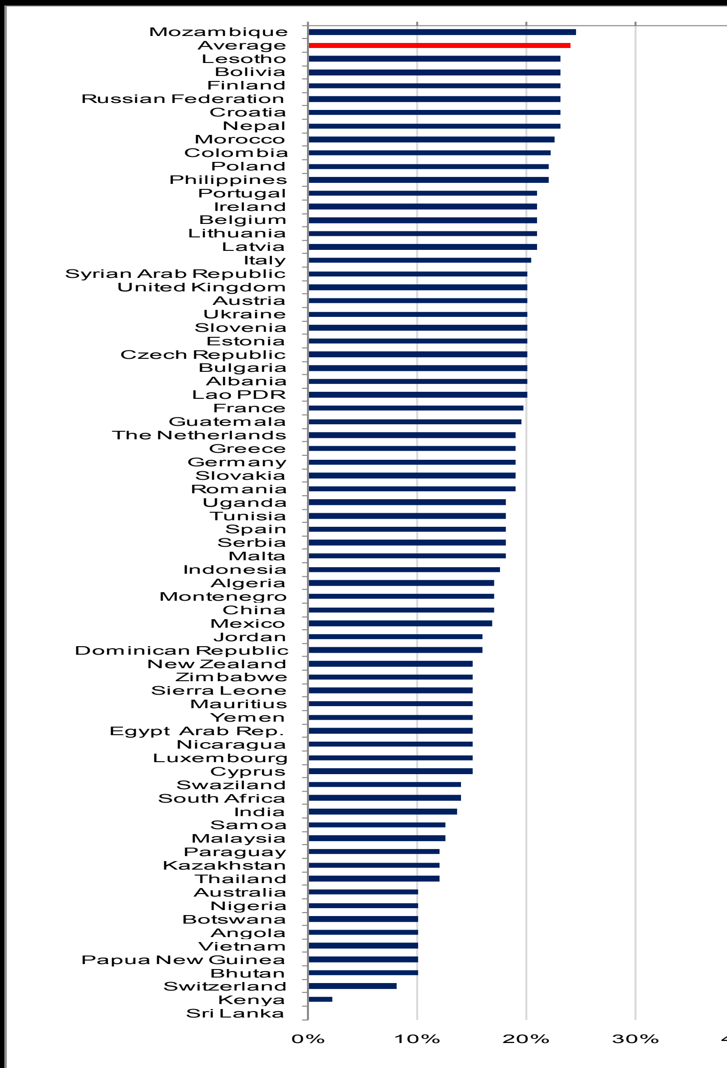
Tax as a proportion of handset cost is over 40% in eleven countries...



- This table shows the countries in which tax as a proportion of handset cost is above the global average
- Gabon has the highest tax as a proportion of an average handset price at 80%. This is due to a $5 dollar fixed tax imposed on each handset purchased. Consumers also pay a high customs duty on all imported handsets of 30% in addition to VAT of 18%
- In Niger a 46.99% customs duty rate applies on handsets imported into the country
- In Argentina a special handset tax of 25.21% applies
- In Burkina Faso a 33.5% customs duty applies on handsets in addition to VAT of 18%
- Handset tax amounts to over 40% in ten African countries

Source: Deloitte analysis

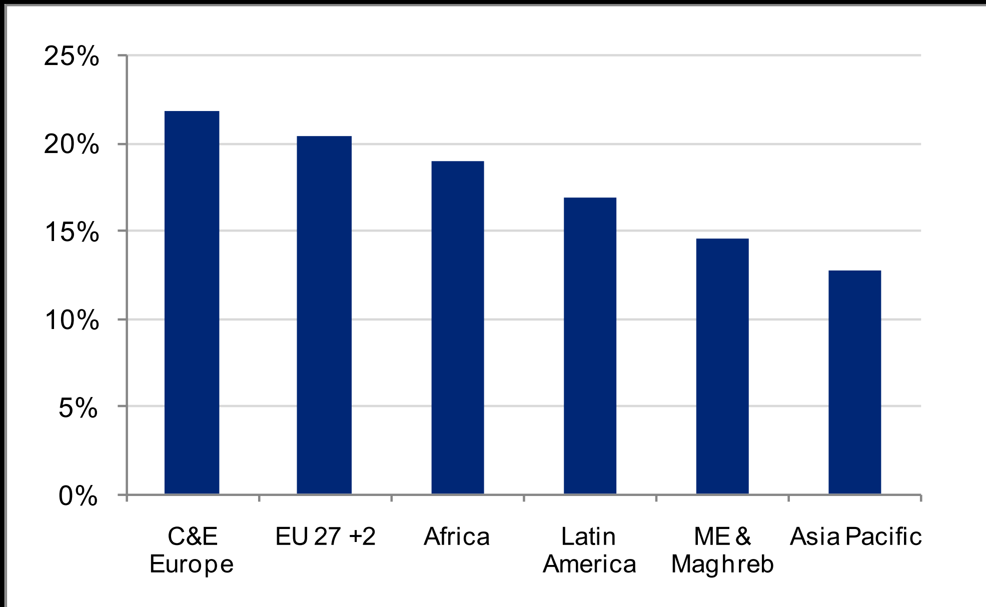
... showing no material decreases in the last five years



Source: Deloitte analysis

- This table shows the countries where tax as a proportion of handset cost is below the global average
- The average proportion of tax of the handset cost is 23.9%
- This remains virtually at the same level as the proportion of tax of the handset cost in 2007 (24.1%)
- Kenya ranks amongst the lowest countries in the study for tax as a proportion of handset price
- This is as a result of the government's decision to abolish VAT on handsets and laptops in 2009

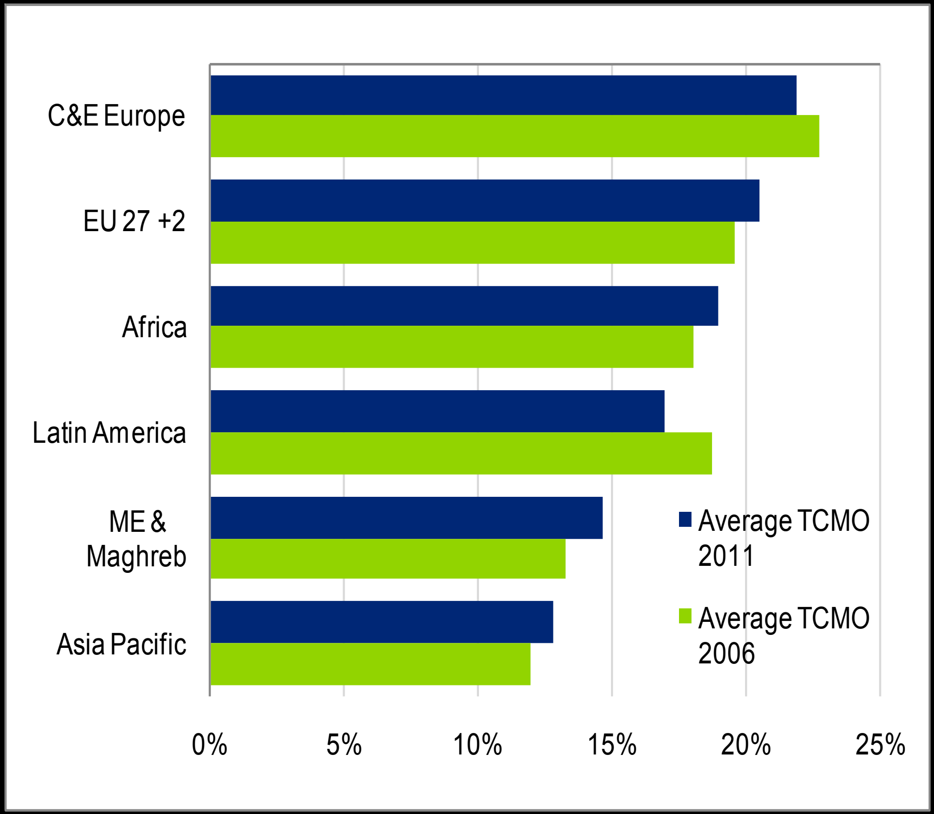
Regionally, Central & Eastern Europe has the highest tax



Source: Deloitte analysis

- This chart shows that C&E Europe and the EU region have the highest average tax as a proportion of TCMO
- In the EU, this is driven by higher VAT rates. In C&E Europe this is driven by very high taxes in Turkey
- Many African nations also impose an airtime excise tax which explains Africa's third-place ranking
- There is no clear relationship between tax as a portion of TCMO and penetration
- However, lower taxes on mobile services are likely to encourage greater adoption of mobile communications in developing countries

Taxes have increased in Africa and Asia

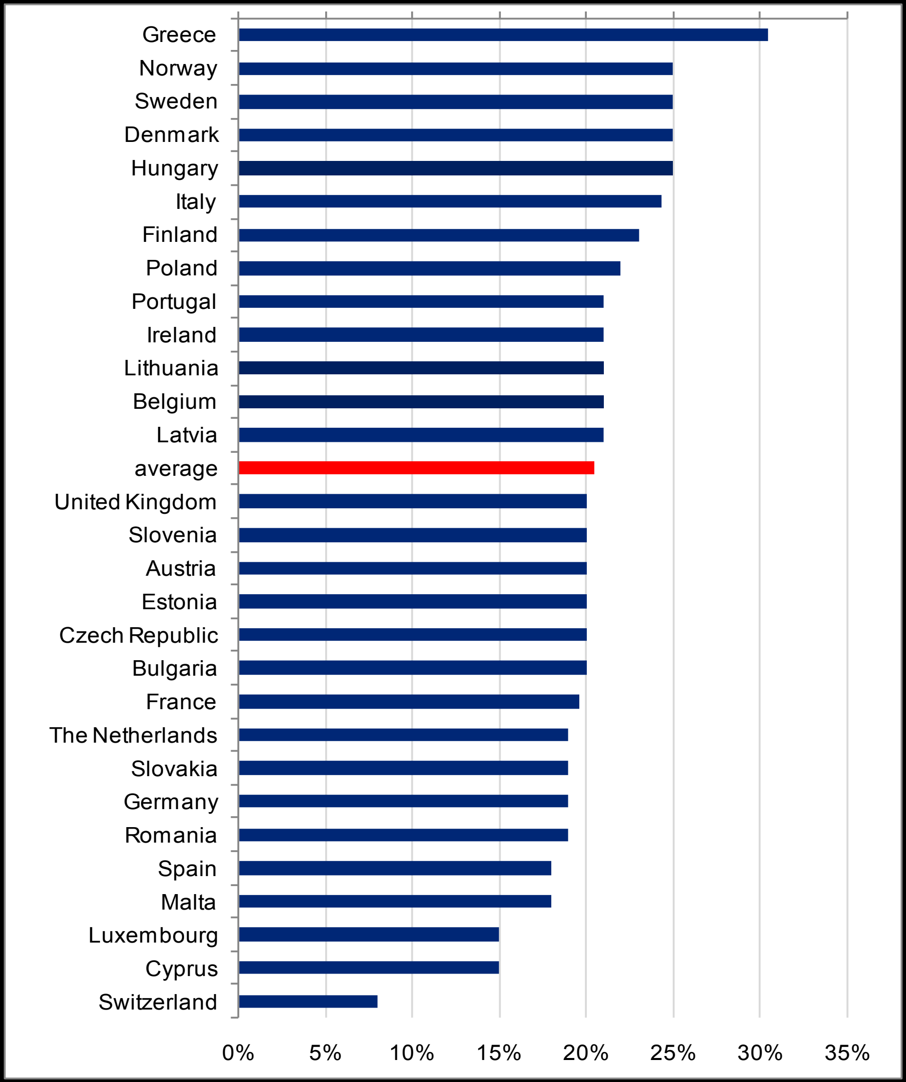


- Compared to 2007 the average TCMO has increased in 2011 in EU, Africa, ME & Maghreb and Asia
- In Africa the increase has been driven mainly by airtime excise taxes
- There has been a decline in average tax as a proportion of TCMO in C&E Europe and Latin America

Source: Deloitte analysis

In Europe, VAT is the key tax on mobile service

Tax as a proportion of TCMO

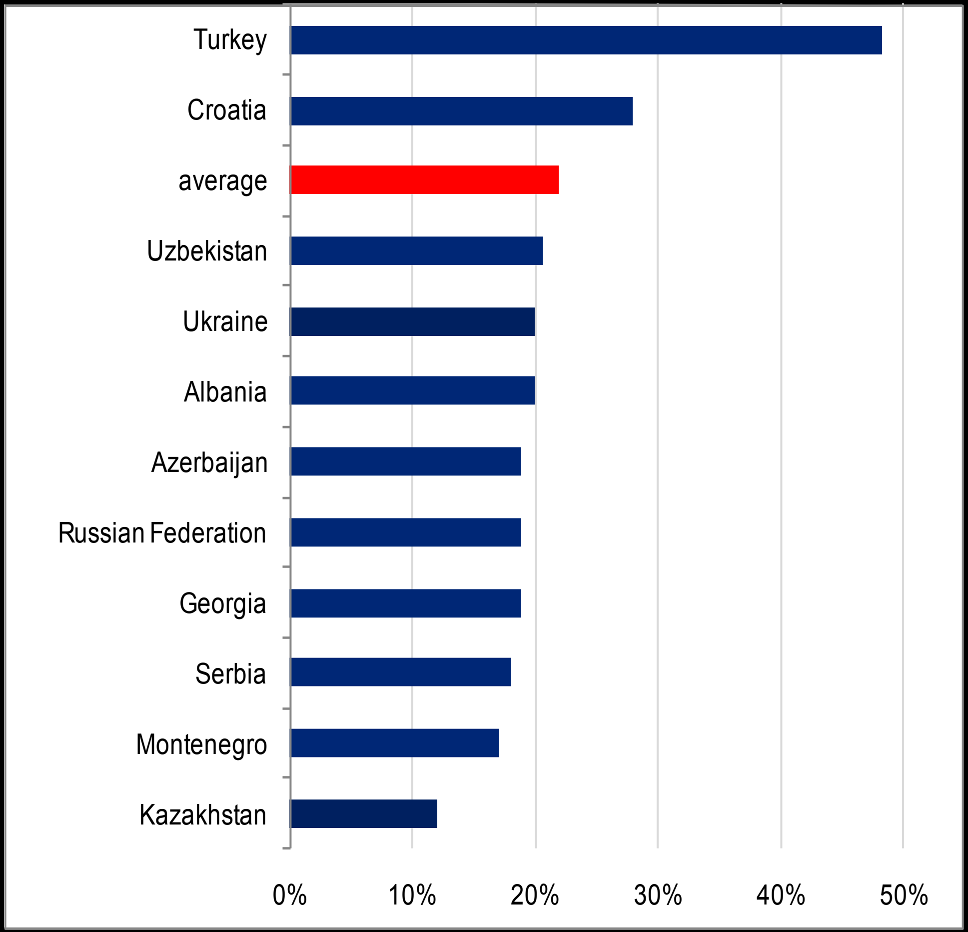


Source: Deloitte analysis

- Consumers in Greece suffer from a 12% airtime tax
- In Italy, post-pay users pay a usage tax of €5.16 to €12.91 per month

In C&E Europe, taxes in Turkey and Croatia are the highest

Tax as a proportion of TCMO

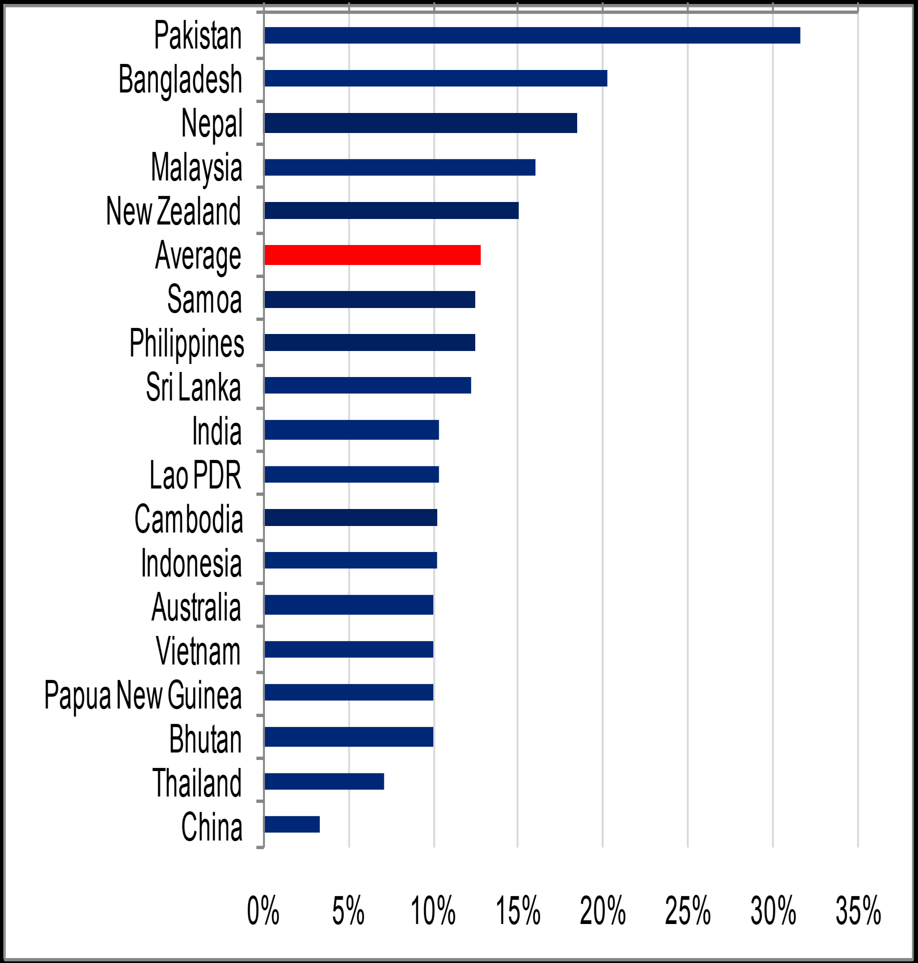


- Consumers suffer from a number of special communications taxes in Turkey, and from a mobile-specific tax in Croatia
- In Serbia in 2009 the government introduced a temporary airtime excise of 10% on usage. This was introduced to raise additional funds during the financial crisis and, recognising the problems it created, the tax was abolished a year later
- Now taxation in Serbia is among the lowest

Source: Deloitte analysis

Pakistan and Bangladesh have highest taxes in the Asia region

Tax as a proportion of TCMO

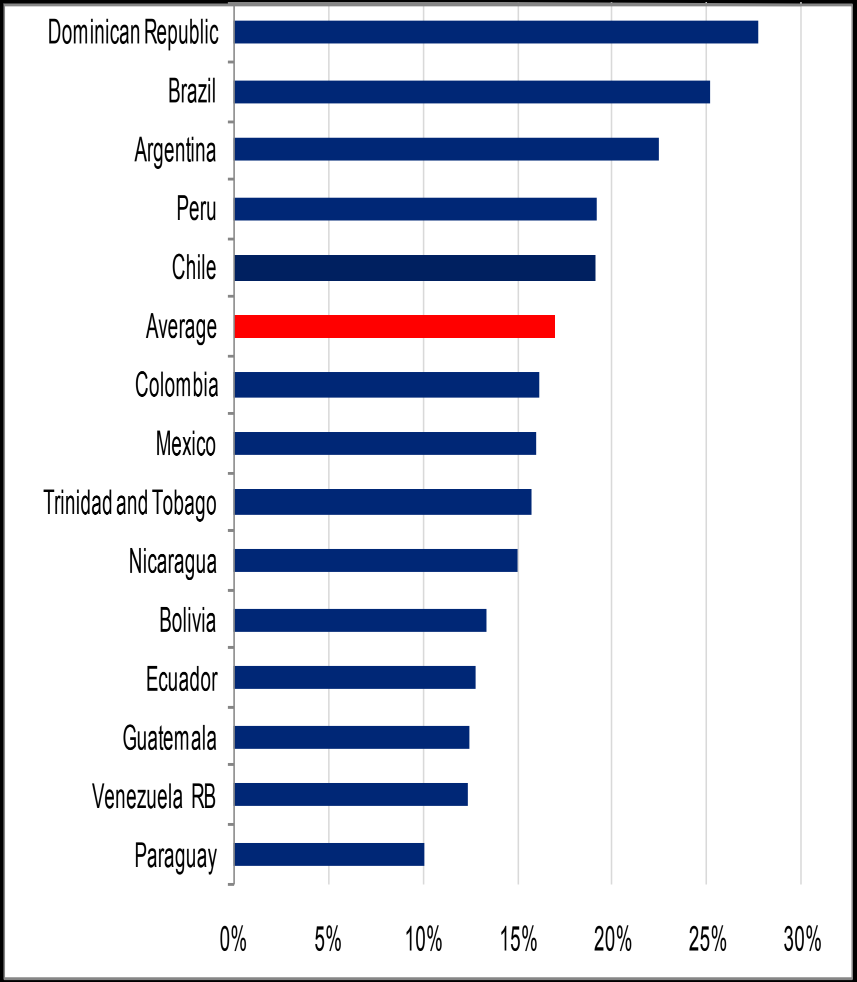


Source: Deloitte analysis

- In Nepal a 5% airtime excise is paid on usage
- In Malaysia a 6% airtime excise applies on usage
- Other than Pakistan and Bangladesh, mobile taxation in Asia is relatively low
- All other Asian countries ranked below the average tax for all countries in our study

Taxes in Brazil & Argentina are amongst highest in Latin America

Tax as a proportion of TCMO

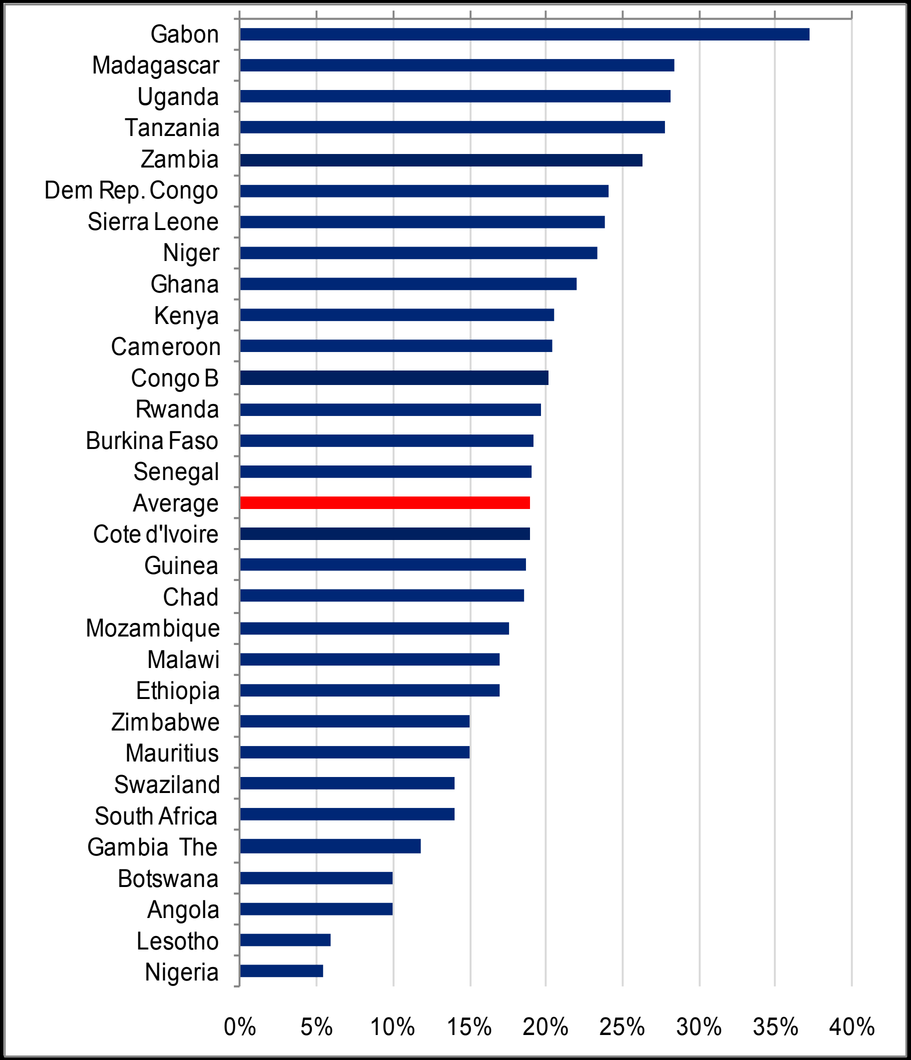


Source: Deloitte analysis

- This table shows the Dominican Republic has a tax as a proportion of TCMO of 28% due to an airtime excise of 10% on usage. This is in addition to VAT of 12%
- In Brazil customs duty of 16% applies on handsets in addition to VAT of 25%
- Argentina's tax as a proportion of TCMO is 22% due to a special tax on handsets of 25.21%. This is in addition to customs duty of 16%

Countries in East Africa have the highest taxes in Africa

Tax as a proportion of TCMO

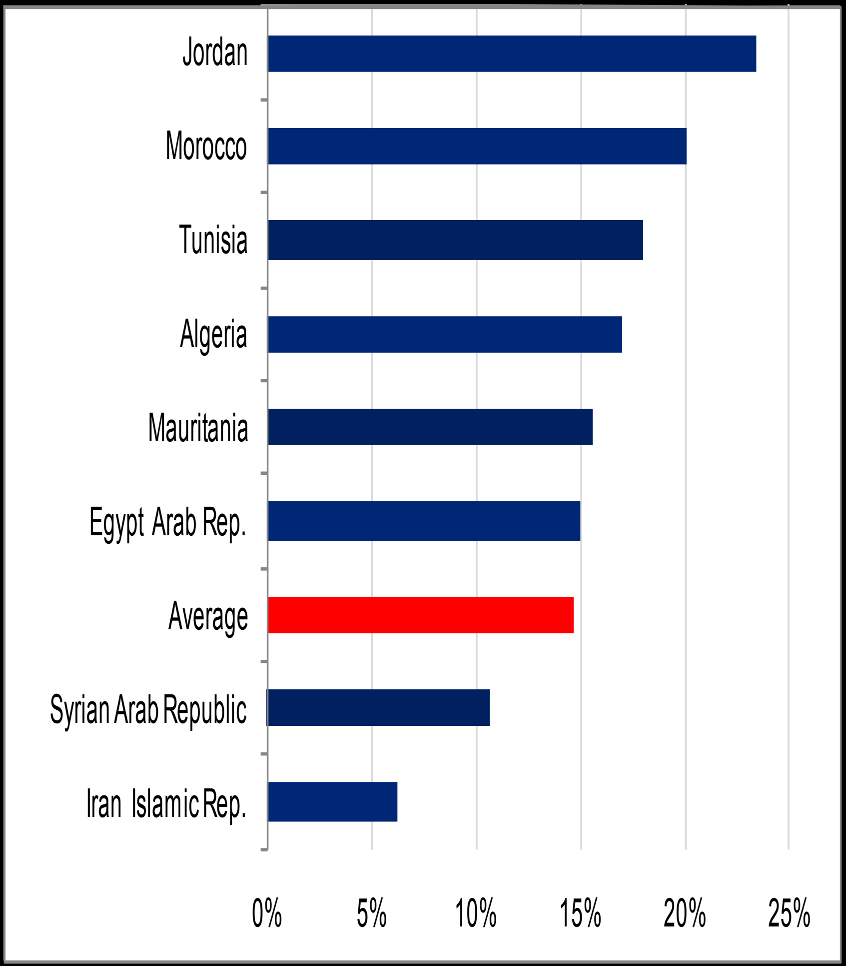


Source: Deloitte analysis

- This table shows tax as a proportion of TCMO amongst African nations, with Gabon ranking highest
- Madagascar has a TCMO of 28% due to an airtime excise of 7% and a 1% special tax on handsets. In addition a 25% customs duty applies
- Uganda has a TCMO of 28%. This is due to an airtime excise of 12% on usage and VAT of 18%
- Tanzania imposes a 10% airtime excise in addition to customs duty on handsets of 10%

Middle East taxes are relatively low compared to global average

Tax as a proportion of TCMO

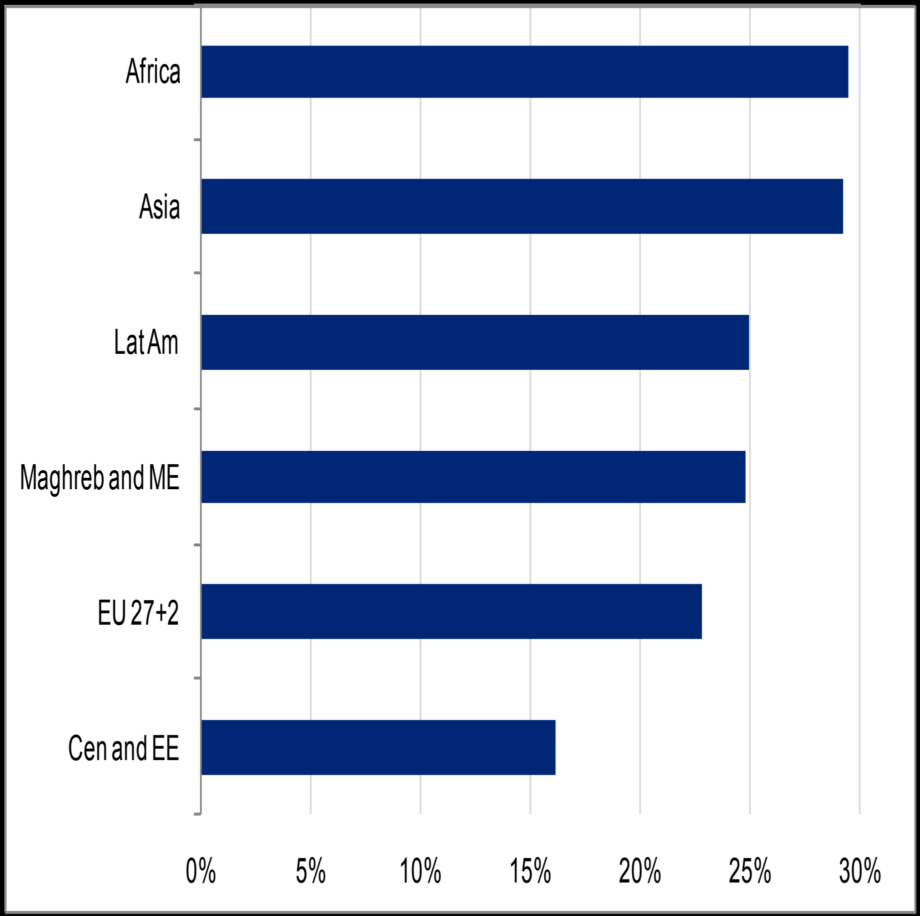


Source: Deloitte analysis

- This table shows tax as a proportion of TCMO amongst Middle Eastern countries
- Jordan ranks the highest in the region with a TCMO of 23%. This is driven by an 8% airtime excise in addition to VAT of 16%
- Similarly Morocco has a TCMO of 20% due to customs duty of 2.5% on handsets and VAT of 20%
- Other countries show relatively low mobile taxation

Corporate taxation on operators remains highest in Africa & Asia

Tax as a proportion of TCMO



Source: Deloitte analysis

- This chart shows the average corporation tax rates that apply to MNOs by region
- This is an important driver of Foreign Direct Investment
- Corporate taxes also impact the level of infrastructure investment of MNOs
- Africa and Asia rank amongst the highest regions for corporation tax rates with average rates of just under 30%
- The most favourable corporation tax rates can be found in C&E Europe where average rates are under 20%

MNOs are burdened with numerous additional taxes

- Regulatory fees, often calculated as a proportion of revenues
  - In developing countries these are up to 3% of revenues, e.g. in Chad and Congo B.
  - In Hungary, a special tax of 4%/6% of revenues was imposed after the 2008 financial crisis

- Universal Service Fund contributions
  - These take numerous forms, e.g. Technology taxes, Investment funds, funding for public broadcasters
  - These are usually charged as a share of revenues, up to 2% e.g. in Burkina Faso

- Spectrum fees, which represent a *de facto* tax on an essential resource for MNOs
  - Often spectrum fees discourage investment, e.g. in Kenya, where a fixed spectrum contribution is paid for every base station added

- Special fees such as Health Insurance Tax, e.g. in Ghana

- When added together, these contributions represent a significant burden for MNOs and may act as a constraint to network and service investment

High barriers still prevent realisation of the full benefits of mobile

- Mobile telecommunications have become paramount to a country's economic and social development
- A significant wave of investment is now under way from MNOs worldwide to bring affordable mobile broadband and internet connectivity to consumers
- In developing countries, wireless broadband will be crucial for economic development
  - Based on an analysis of 120 countries, the World Bank has indicated that for every 10% increase in the penetration of broadband services, there is an increase in economic growth of 1.3%*
- However, penetration in numerous African and Asian countries remains low, generating concerns for the uptake of wireless broadband
- Low wireless broadband uptake may act as a barrier to economic development and foreign direct investment, especially in countries with low internet penetration

* World Bank, Qiang, 2009

Decreases in taxation contribute to reducing the Digital Divide

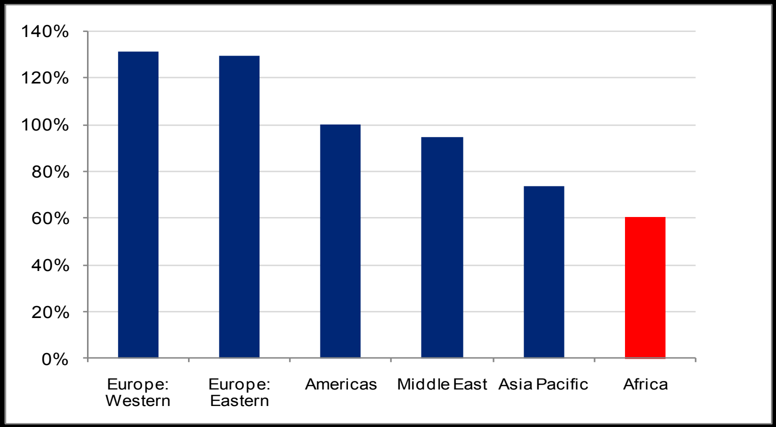
- Governments have a major role to play in supporting mobile communications and wireless broadband developments
- Taxation policies have a significant impact on the value that societies derive from mobile telecom services as they affect the key factors that determine the success of telecom and the benefits to economies and societies
- Reducing taxation can also enhance the evolution from basic mobile consumption (access, usage with widespread coverage) to the complementary skills and assets, e.g. quality of usage, largely driven from the potential of wireless internet through mobile devices
- Our study shows that mobile taxation has increased, often as a result of taxes introduced during the 2008 financial crisis
- Increasing taxation risks reducing the economic and social benefits generated by mobile communications and risks endangering the development and uptake of wireless broadband services

Focus on Africa

- Surtaxes on International Inbound Call Termination
- Mobile Taxation in Kenya

Mobile penetration in Africa is the lowest worldwide, while mobile taxes are among the highest

Penetration

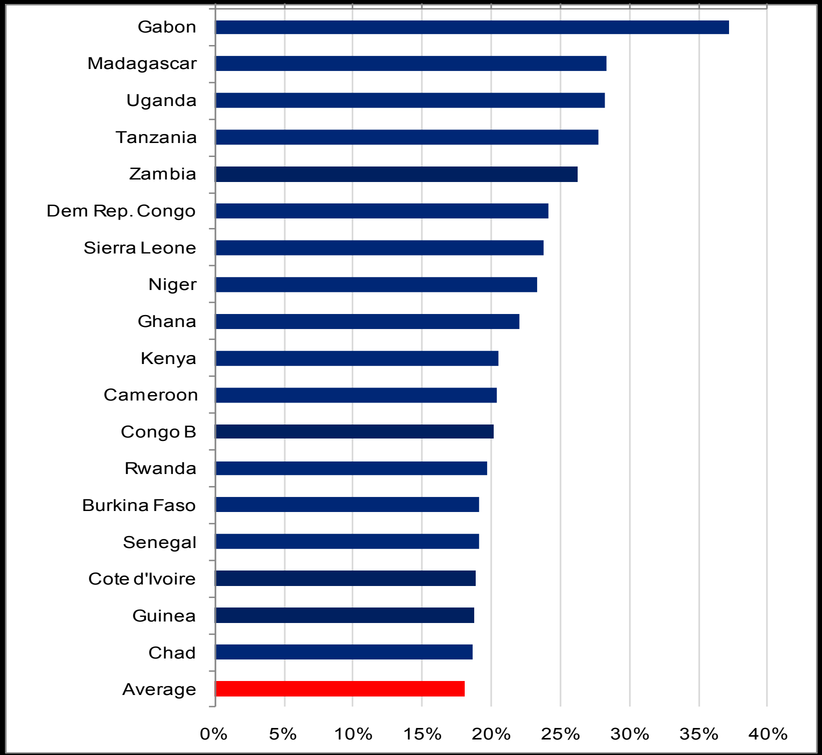


Source: wireless intelligence

- Mobile penetration stands at 60% in the region, with significant country disparities
- Taxation on mobile telephony in Africa has increased in the last five years

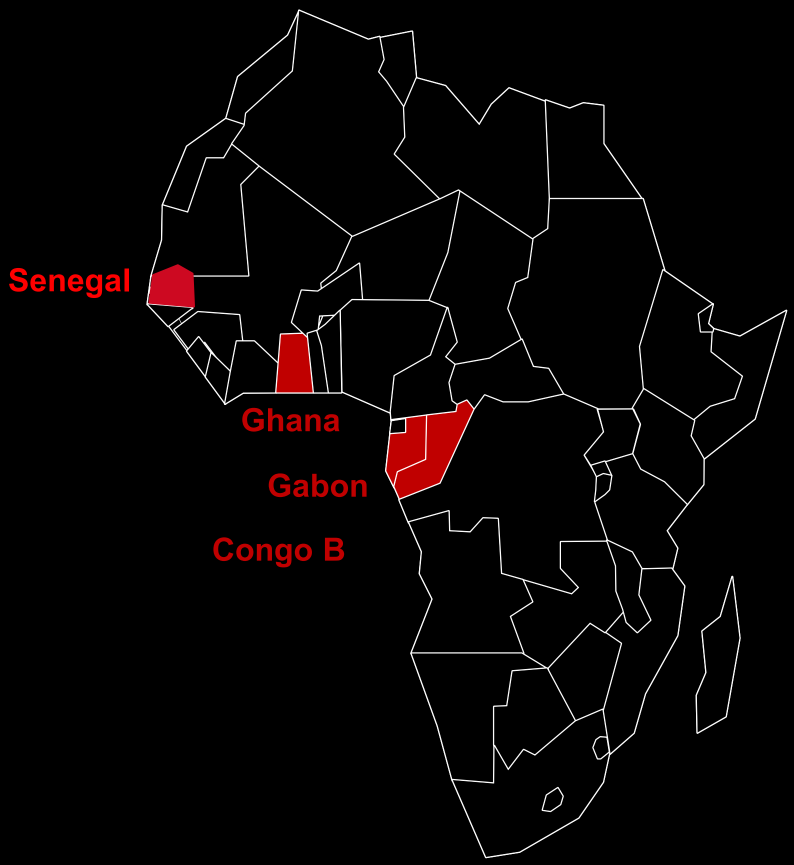
- Mobile taxation is higher than the global average in 18 African countries
- Mobile taxation represents a barrier to consumers' access to telecom services
- By increasing telecommunication costs, it also reduces business efficiency

Tax as a proportion of TCMO



Source: Deloitte analysis

Some governments have introduced an additional new telecom-specific tax



- Where introduced, this has taken the form of a Surtax on International Inbound Call Termination ("SIIT")
- This surtax centrally fixes prices that operators can charge when terminating international inbound calls
- It is currently imposed in Ghana, Congo, Senegal, Brazzaville and Gabon

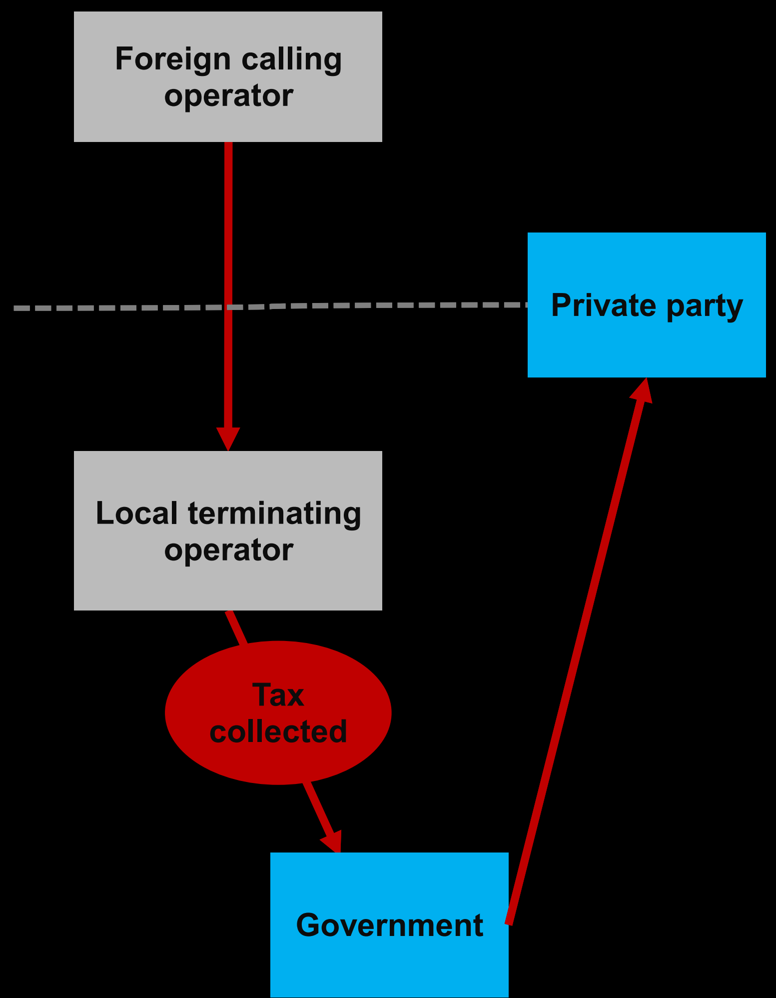
Operators collect the SIIT from abroad on behalf of governments

Local operator charges compulsory higher international termination rate

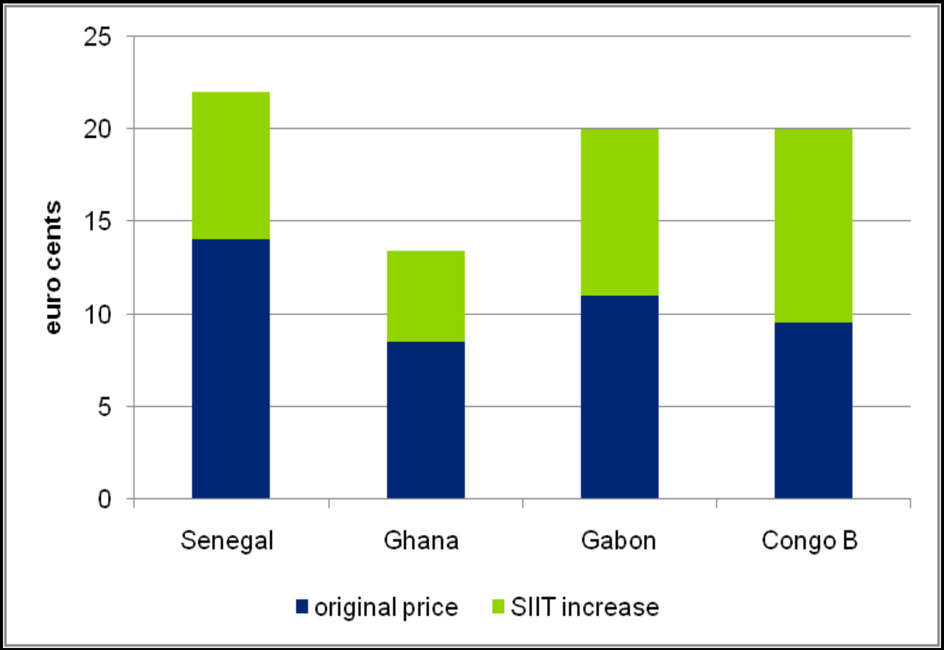
Private party monitors call minutes & provides information to government

Local operator pays a portion of the fixed charge as a surtax to the government

Revenues from the surtax are split between government and the private party



SIIT centrally imposes prices higher than market level



Source: Operators information

- The SIIT caused international termination prices to rise between 57%(Senegal) and 111%(Congo B)
- By fixing prices at a rate higher than the competitively determined prices, the SIIT represents a move backwards for liberalisation of telecommunications in Africa
- Operators are extremely concerned about the precedent set by this tax on price competition
- A number of distortions arise when prices are not set competitively, negatively affecting consumers and businesses

SIIT creates disadvantages for local and African consumers...

Higher prices have led to a reduction in inbound call minutes

- Operators have reported decreases in incoming international calls, including against their forecasts
- SIIT reduces the communication local citizens have with other countries

Full impact of SIIT price increases is not realised yet

- International prices are often based on regional averages and advertised in advance, and are likely to be sticky in the short term
- Operators are expecting further decreases in call volumes as operators abroad react to the increased charges

Reciprocation of the increased termination price by operators in other African countries

- Risk of blanket increases in international termination charges throughout Africa
- 60% to 80% of outbound international calls from African countries are to other countries within Africa

... and for local and African businesses

Increased prices for calling into and out these countries

- Increases the costs of doing business in Africa, as telecom costs form a key component of such costs
- Disincentivises the development of 'regional telecommunications hubs' in these countries
- Increases costs for other businesses operating within African countries
- Reduces the global competitiveness of African countries
- Increases risks to businesses that are service or communications specific, such as call centres, with impact on employment

Increased cost of routing calls through these countries

Reciprocation of the increased termination price by operators in other African countries

Increase in illegal traffic termination

- Greater incentive for arbitrage
- Reduced revenue for mobile operators
- Illegal SIM boxes congest spectrum, lowering service quality
- The third party intermediaries used to measure call volumes add an unnecessary layer of monitoring

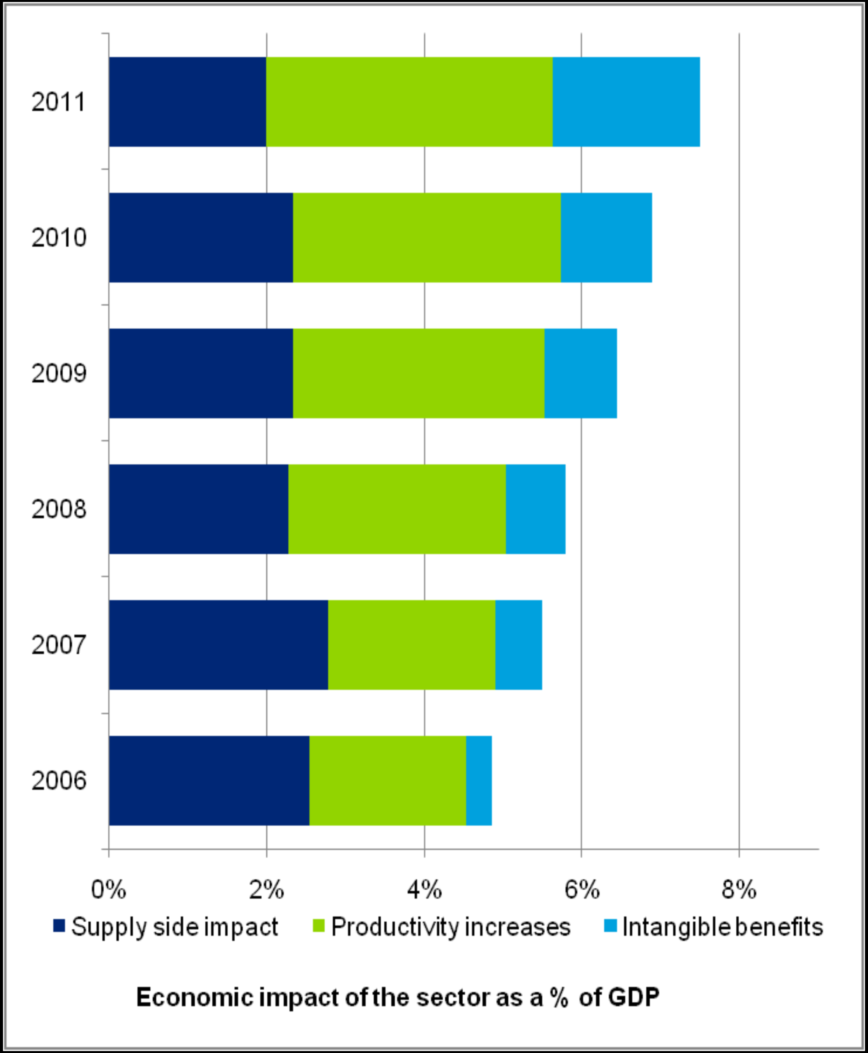
Negative effects for African countries

- SIIT affects a great proportion of intra-African traffic and risks a domino effect in African countries
- Higher prices increase incentives for arbitrage. Operators have reported an increase in illegal SIM boxes, which congest spectrum, lowering service quality
- This generates numerous negative impacts on local consumers' communications, on the cost of doing business locally and on governments
- To avoid these negative impacts, governments could consider allowing prices to be set through the interaction of operators in a competitive market

Focus on Africa

- Surtaxes on International Inbound Call Termination
- Mobile Taxation in Kenya

In Kenya, consumers, businesses and government have benefitted from developments in the mobile sector



Source: Deloitte analysis based on Safaricom and Airtel data

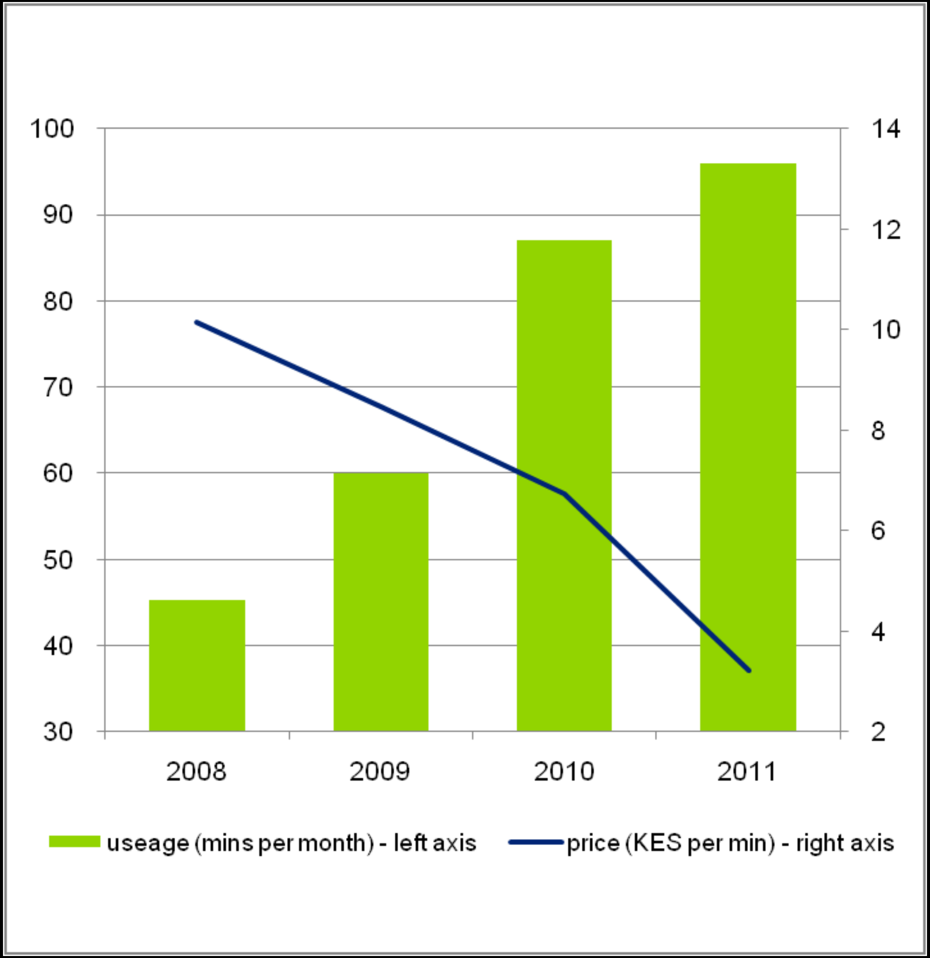
- The mobile sector will contribute economic benefits equal to approximately 5.6% of Kenya's GDP in 2011
- In addition, intangible benefits estimated at 1.9% of GDP were generated by mobile communications
- This contribution has increased substantially in the last five years, at a rate of over 0.5% per year
- The sector will also provide over 200,000 FTE jobs this year, an increase of 30% in the last five years
- Productivity has increased as a result of improved coverage and quality of service by over 300% in the last five years
- Intangible benefits to consumers have increased substantially in the last two years as a result of tax decreases and competition

Lowering taxation increased penetration and handset circulation

Source: Wireless Intelligence, Deloitte analysis

- The Kenyan government recognised that handset price represented a barrier to the development of the sector
- In August 2009, the 16% VAT on mobile phone handsets was removed
- Handset purchases have increased by more than 200% since the removal of VAT
- Mobile connection penetration has increased from 50% to 70% of the population in Kenya since the beginning of 2009
- This is above the average penetration rate in Africa (63%)
- However, there is still a long way to go before mobile penetration matches the population coverage levels of 96%

Tax reductions and healthy competition have lowered prices

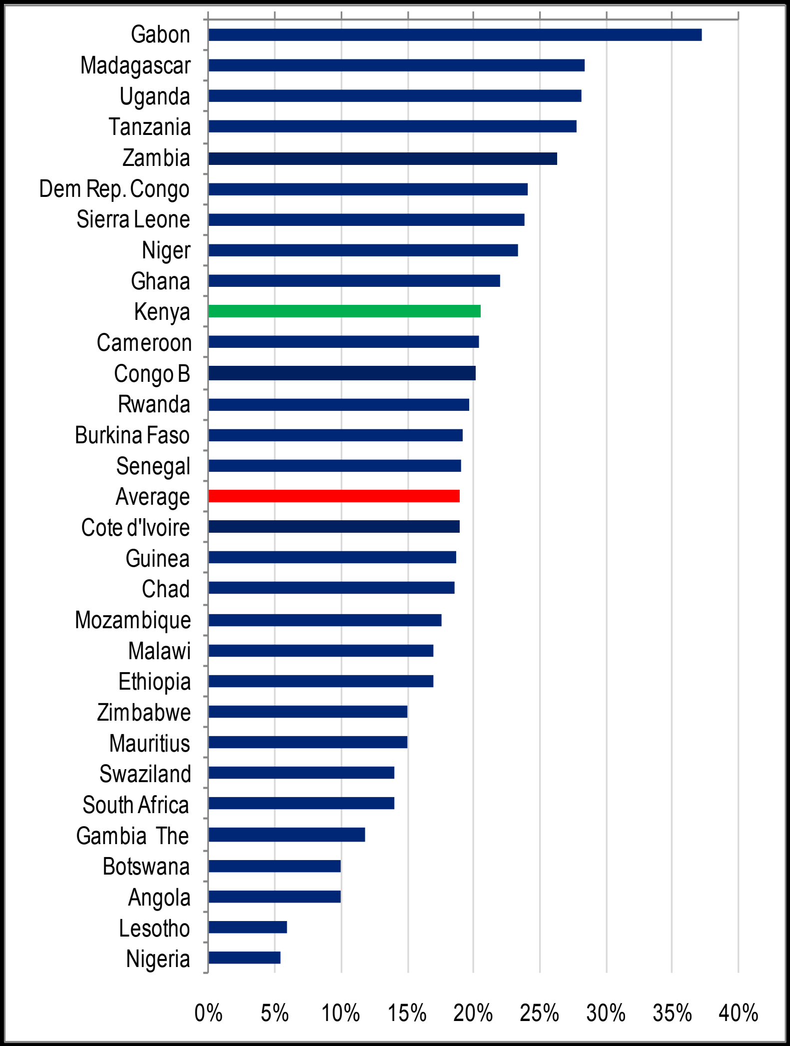


Source: Wireless Intelligence, Deloitte analysis

- In the last three years prices have fallen by 70%
- Usage of mobile services has risen by 113% (average minutes of use per user per month)
- Through increased handset circulation, a higher share of consumers has received access to high-value mobile services:
  - M-Banking
  - M-Agriculture
  - M-Health
  - M-Education

However taxes on usage remain higher than African & global averages

Tax as a % of TCMO in Africa

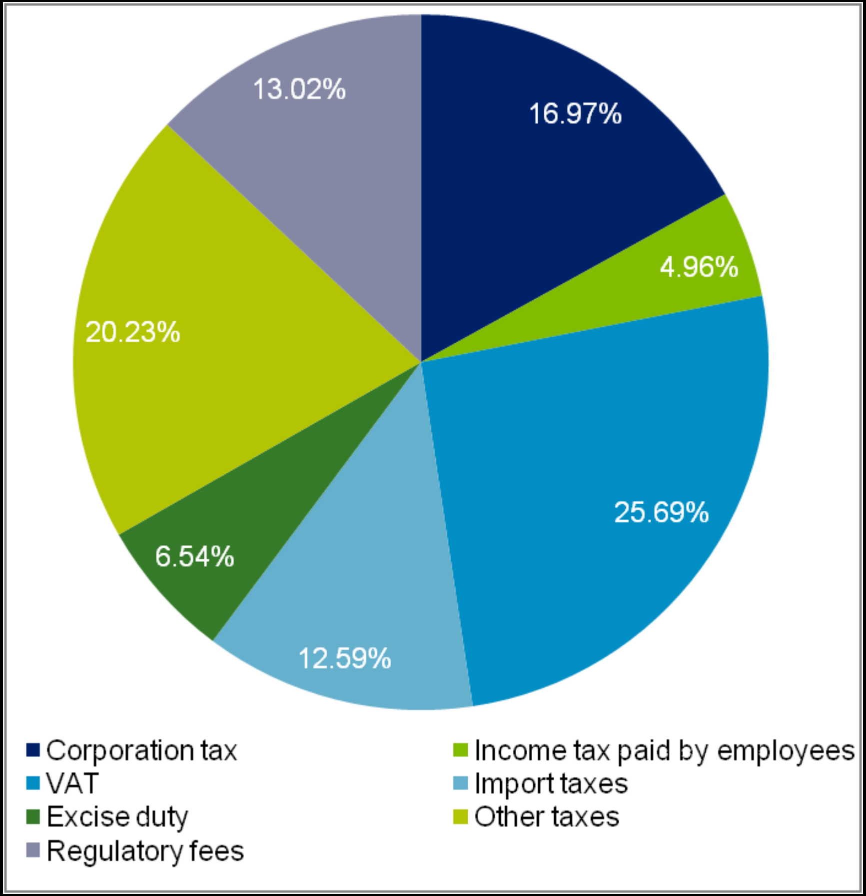


Source: Deloitte analysis

- Despite the removal of VAT on handsets, tax still represents 17% of the cost of mobile ownership
- While this has decreased in the last five years from a level of 25%, mobile taxes in Kenya are still above African average
- The 10% excise duty on airtime contributes significantly to this issue
- Taxes on usage discourage mobile consumption of poorer and rural users, preventing them from enjoying the benefits given by access to mobile telephony

Taxes on mobile operators also remain very high

Composition of taxation paid by operators



Source: Deloitte analysis based on Safaricom and Airtel data

- Corporation tax (30%), which is higher than the African average
- A suite of customs duties and fees on telecommunications equipment (ranging from 10% to 25% of the items' value)
- Licence fee paid to the regulator, amounting to 0.5% of operator turnover
- Fixed and annual spectrum access fees amounting to approx 45 million KES pa
- These are set in Link fees – 43,000 KES for every TRX added (half in rural areas)
- A USO fund was established in 2011, representing an additional 0.5% of operator revenue
- In 2011, mobile operators in Kenya will pay approximately KES 41 billion in taxes and regulatory fees
- Safaricom is the largest tax contributor in the country

Reducing taxation contributes to increase broadband coverage and service penetration

- The Kenyan government has recognised the importance of removing taxes on access to mobile services
- The reduction in handset costs has led to substantial increases in handset circulation and mobile penetration
- This has resulted in notable benefits to consumers
- Other African countries could consider the benefits that removing handset tax has provided for Kenya
- Given the improvements we have seen resulting from the removal of VAT on handsets, significant consumer benefits are likely to ensue from removal of the 10% excise duty on airtime in Kenya

Annex 1: special mobile consumer taxes

Table 1: Argentina - Ghana

Country	Consumer Tax Practices
Argentina	▪ Pending legislation in Argentina, the government is seeking to increase internal taxes on mobile handsets to a nominal rate of 17% for mobile devices not produced in the Tierra del Fuego special economic area ▪ This is expected to affect 98% of the mobile devices in Argentina, as the vast majority are imported into the country. ▪ Mobile handsets suffer a 25.2% tax. 20.5% of this consists of excise tax and 1% is municipal tax. ▪ Usage prices for calling and SMS suffer a 12.9% tax. 4% of this consists of municipal tax and 1% goes towards the National Body of Sports Performance
Bangladesh	▪ The government in Bangladesh imposes a 100 Taka tax on each new handset ▪ Additionally, an 800 Taka tax is also imposed on each SIM activation.
Chad	▪ A 9.6% special tax applies on all handsets.
Colombia	▪ A special handset tax applies of 1.2%
Croatia	▪ In August 2009, a mobile-specific 6% fee on operator's revenues on invoiced services for mobile SMS, MMS and voice services including roaming services was introduced, indirectly impacting consumers ▪ We discuss the impact of this tax in more detail in our report that will follow the publication of this slide pack
Democratic Republic Of Congo	▪ A 10% airtime excise applies on usage of calls and SMS.
Dominican Republic	▪ A 12% special telecom tax is imposed on usage of calls and SMS
Egypt	▪ Mobile Telecom services VAT is applied at a higher rate than standard rate for other goods & services ▪ Mobile Telecom VAT is 15%, landline VAT is 5% and standard VAT is 10%.
Gabon	▪ An airtime excise of 18% on usage applies. ▪ In addition, there is a special tax of $5 that applies to imported handsets.
Ghana	▪ A health insurance tax of 2.5% applies to mobile usage in addition to VAT. ▪ A excise airtime of 6% also applies

Source: Deloitte analysis based on operators' information and Deloitte research

Table 2: Greece - Niger

Country	Consumer Tax Practices
Greece	▪ Since 1998, a tax has been applied to the monthly bills of post-paid mobile subscribers. Until 2009, there were three different rates (€2, € 5, and € 10) depending on the amount of the total monthly bill. Pre-paid subscribers did not pay this tax. ▪ In July 2009, a new law introduced a 12% tax on prepaid mobile subscriptions and also increased the tax rates on post-paid subscriptions to 12%, 15%, 18%, and 20%, depending on the amount of the total monthly bill.
Italy	• Post-paid mobile services for non business consumers are taxed at the rate of € 5.16 per month. • Business post-paid mobile subscriptions are taxed at the rate of € 12.91 per month. • Since January 2010, companies producing and/or distributing mobile devices should pay a fee (90 eurocent per device) to the National Copyright Collecting Society (“SIAE”). • The fee has been imposed by the Cultural Heritage Ministry and covers contents’ private copying activities made by consumers with their mobile devices.
Jordan	• In 2009, Jordan enacted legislation imposing a tax of $0.01 per minute on mobile and wireline calling to support livestock farmers. • Special cellular phone tax, raised from 4% to 8% which applies to mobile phone usage, increasing the cost to the consumer.
Kenya	• A 10% airtime excise applies on texting and minute usage costs
Lesotho	• A positive VAT rate applies connection, rental and rate at 5% versus a 14% VAT applied to handsets.
Madagascar	• A 7% airtime excise on usage applies to call and SMS • A special 1% handset tax also applies.
Malaysia	• An airtime excise of 6% applies to mobile service usage.
Mozambique	• A 7.5% special handset tax applies.
Nepal	• An excise service charge of 5% applies to usage.
Niger	• 3% airtime excise applies to usage • Additionally, there is a CFA 250 special tax that applies to connections.

Source: Deloitte analysis based on operators’ information and Deloitte research

Table 3: Pakistan - Zambia

Country	Consumer Tax Practices
Pakistan	• An 11.5% witholding excise applies on postpaid bill amount and on prepaid balance of calling cards. • A special duty of Rs 250 applies to each handset. • A special tax of Rs 250 applies to each SIM activation. • The telecoms sector incurs an additional 3.5% VAT, bringing it to a rate of 19.5% VAT versus the generic rate of 16%.
Serbia	• From 2009 to 2010 Serbian mobile telephony services users paid an additional 10% tax. This was a temporary measure by the government and applied to all calls, SMS and MMS and on data transfers.
Sierra Leone	• A 10% airtime excise applies on texting and minute usage costs
Sri Lanka	• A 20% special tax applies to connection, rental and usage rate.
Tanzania	• A 10% airtime tax applies on texting and minute usage costs
Turkey	• The Special Communications Tax rates are 25% for mobile services, 15% for fixed telecommunications services, and 5% for Internet services. • A special consumption tax of 20% applies on mobile handsets. • On connection a 34 TL special communications tax applies. • A further 13.2 TL wireless connection fee also applies on connection • A 13.2 TL wireless usage fee applies to rental. • For each handset a 0.37TL fee for registering an IMEI number is paid.
Uganda	• Uganda imposes a 12% airtime usage excise on mobile services.
Zambia	• A special handset tax of 5% is imposed.

Source: Deloitte analysis based on operators' information and Deloitte research

Any questions?

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