



**ITU WORKSHOP ON TAXATION OF TELECOMMUNICATION SERVICES  
AND RELATED PRODUCTS**  
ITU Headquarters Geneva, Switzerland  
1-2 September 2011

**CLOSING REMARKS**

**Mario Maniewicz**

Dear Delegates, Ladies and Gentlemen:

- It is my pleasure to join you for the closing of this Workshop on taxation of telecommunication services and related products.
- During the past 2 days, the workshop had discussed the taxation process taking into account the characteristics of the different types of taxation for telecommunication services, equipment and devices, including the issue of international double taxation.
- We heard the presentations from Regulatory Authorities, Operators and Associations with a variety of points of view for this complex issue of Taxation.
- I would like to thank Professor Martin Cave and Dr. Windfred Mfuh for their valuable and clear explanations as well as all the moderators, panelists and speakers for sharing with us their experiences, which reflect the advantages and disadvantages of the taxation of telecommunication services. As you know, we have published the results of the BDT Study on Taxing Telecommunications/ICT services: an overview, prepared by Prof. Cave, so that you can find it in our website for consultation.
- Above all, I would like to thank all of you here for making this workshop a success through your valuable contributions and active participation throughout the workshop and especially during the discussion panels.

- The aim of this Workshop was to provoke a discussion among Members of the ITU and other organizations over the best ways to implement taxation mechanisms of telecommunications/ICT services and devices.
- As the telecommunication/ICT environment is changing every day, the variety of taxing options is growing as well, and it is sure that its impact on the growing of the sector could affect broadband penetration and economic growth.
- Many tax administrators are beginning to understand that telecommunication/ICT services are somewhat different from other services and products within the economy due to their higher capacity to stimulate economic growth and social development. And for that reason some sector specific taxes that impact negatively on penetration and usage are either being reduced or completely eliminated.
- The situation of double taxation needs to be considered as a priority by Administrations, in order to mitigate its potential consequences and ensure that tax rules are applied consistently and fairly. I am pleased to note that proposals have been made to discuss this issue at the WCIT, which will revise the ITRs in December 2012.
- I would like to recall the maxim of Mr. Jean-Baptiste Colbert cited by Prof. Cave during his first presentation: the art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing.
- Applying this maxim to the specific case of taxation of telecommunication services, one can envisage a possible synthesis, in which there are at least three effects to weigh up – a presumption based on general reasoning about tax policy in favour of no telecommunications exceptionalism; a concern about differential costs of tax collection; and the distinct possibility that imposing a tax will generate more tax revenue at the cost of growth. Balancing them is likely to be a case-specific process. It will not always be mistaken to impose a special tax on

telecommunications services: circumstances can be envisaged when it may be the least bad policy available.

- But governments should think carefully before imposing new telecommunications (or other) taxes, and only do so when there is no alternative way of increasing tax revenue which would be less damaging to the economy in terms of market distortions and negative impacts on economic growth.
- For the telecommunications industry to yield the maximum benefits as a source of growth, tax authorities, regulatory authorities and operators need to work together. For example, having a tax consultation with major stake holders before essential tax decisions are made. It could be quite helpful to assess the potential distortionary effects of each tax on the quality and quantity of services as well as potential welfare losses.
- I can only be proud and grateful of the interest you expressed on the discussions of this complex theme.
- But our work does not end here. We all need to continue working together as we face these many challenges. We should continue the dialogue among all of us so that we can learn from each other. We can do this through the Global Symposium for Regulators (GSR) and the 4th Global Industry Leaders' Forum (GILF) that will be held in Colombia from 20 to 23 September, where a session on Taxation is already scheduled among other interesting subjects. Also at the ITU regional seminars on costs and tariffs organized in coordination with the ITU-T Study Group 3 regional Groups meetings, as well as on the global level through G-REX and in the ITU-D and ITU-T study groups... I take the opportunity to remind you, that during the coming two weeks we will have the ITU-D Study Group 1 and 2 meetings.
- Finally, I would also like to thank the ITU staff that has worked so hard to make this workshop a success, as well as the interpreters for their patience and good work.

- As you know, all presentations and documents contributed to the workshop are available on our website for your reference.
- I wish to those of you who leave a safe journey back home and a fruitfully stay to those who will remain here and participate next week to the ITU-D Study Group meetings.
- Thank you very much.