



**Autorité de Régulation des
Télécommunications et des Postes**
ITU Geneva
1 – 2 September 2011

Taxation of telecommunication services in Senegal

Presented by:
Mr Seyni Malan FATI
Head, Telecommunication Regulation Division

Bridging the digital divide together



CONTENTS

- I. Overview**
- II. Missions of the regulator**
- III. Taxation of services**
 - 1. RUTEL**
 - 2. Incoming calls**

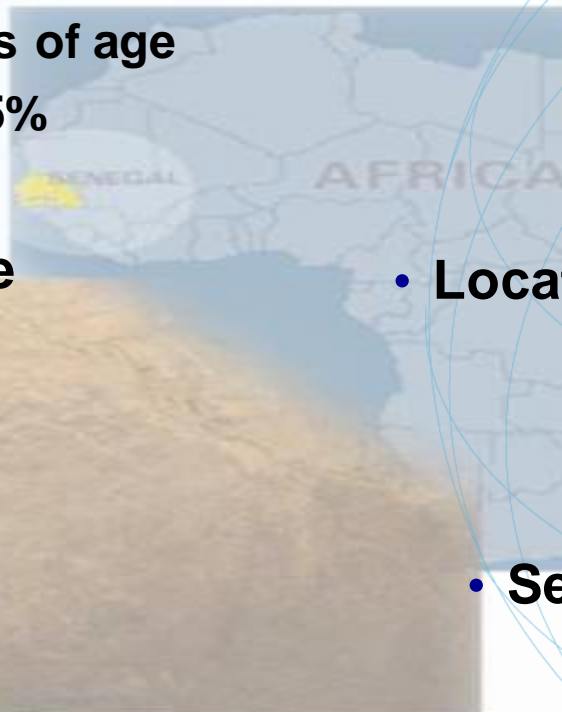


Autorité de Régulation des
Télécommunications et des Postes

Republic of Senegal



- **Surface area: 196 722 km²**
- **Population in 2010: 12 171 265 inhabitants**
 - **58% under 20 years of age**
 - **Annual growth: 2.5%**
- **Flat terrain**
- **Dry tropical climate**



- **Located at a crossroads of major sea and air routes**
 - **Independent secular state**
 - **Solid institutions**
 - **Separation of powers: Legislative, Executive, Judicial**
 - **GDP per capita: USD 1 046**
 - **GDP real growth: 3.5 %**



TELCOMMUNICATION MARKET

- **SONATEL**: Incumbent operator with a global licence, privatized in 1997 and 42% owned by France Telecom. Its monopoly ended in 2004. First to launch mobile network with a company named Sonatel Mobiles
- **SENTEL GSM**: Subsidiary of the Millicom International Cellular group. In the market since March 1999 with only a GSM licence.
- **EXPRESSO**: Subsidiary of a Sudanese group named SUDATEL. Granted a full licence in September 2007. Started its mobile activities in 2009 with CDMA technology.
- **Other players**:
 - ✓ Internet service providers (ISP)
 - ✓ Value added service providers
 - ✓ Call centres
 - ✓ Telecentres
 - ✓ Internet cafés

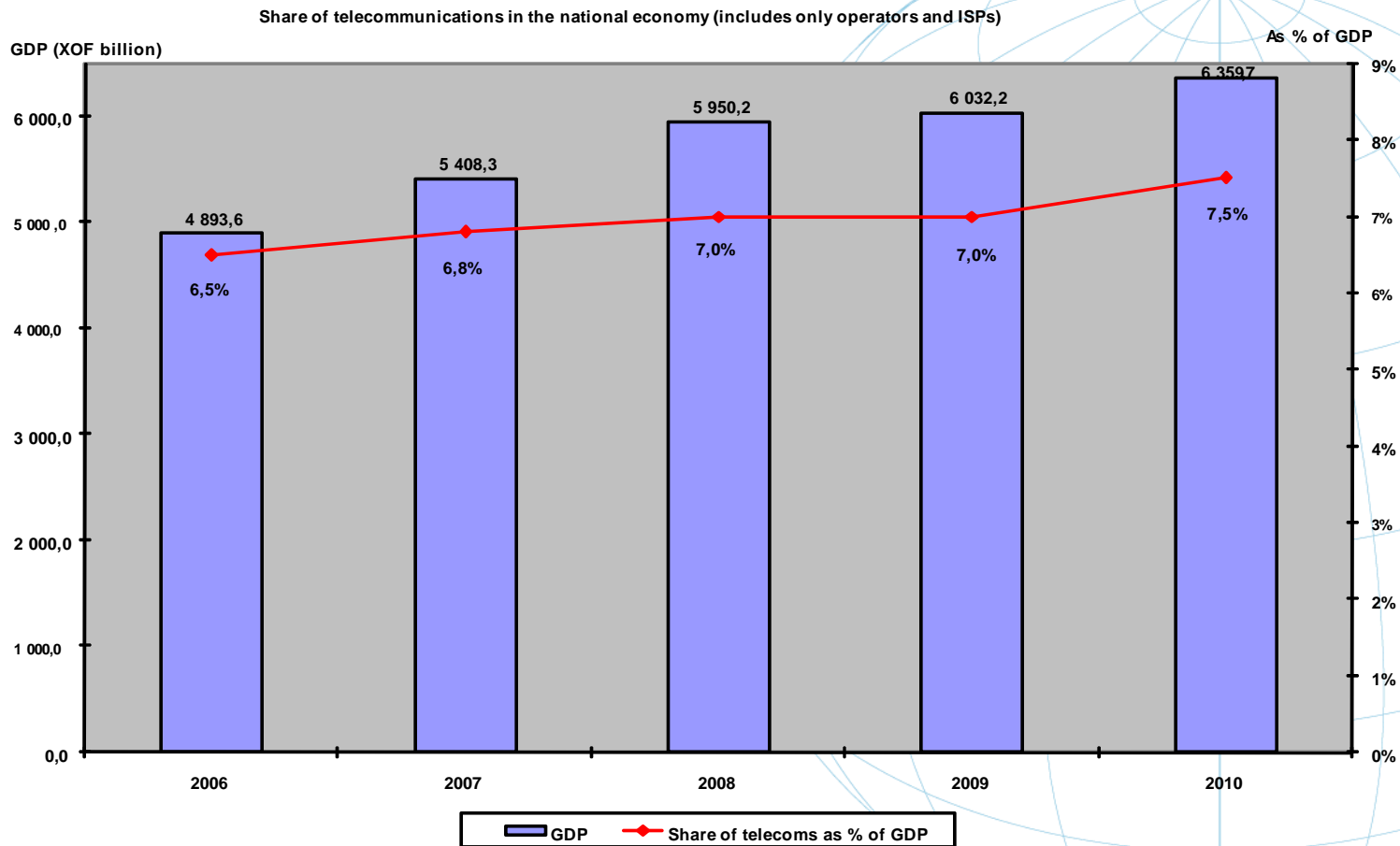


MARKET DATA

- **Fixed-telephone lines: 341 857, growth of 22.6%**
- **Mobile subscribers: 8 343 717 with 98% prepaid. Growth of 20.6%**
- **Mobile penetration: 68.5%**
- **Turnover in 2010: XOF 635 billion**
- **Contribution to GDP: 7% in the last two years**
- **Internet users: 1 million**
- **Number of ISPs: 3**
- **Internet penetration: 7.6%**



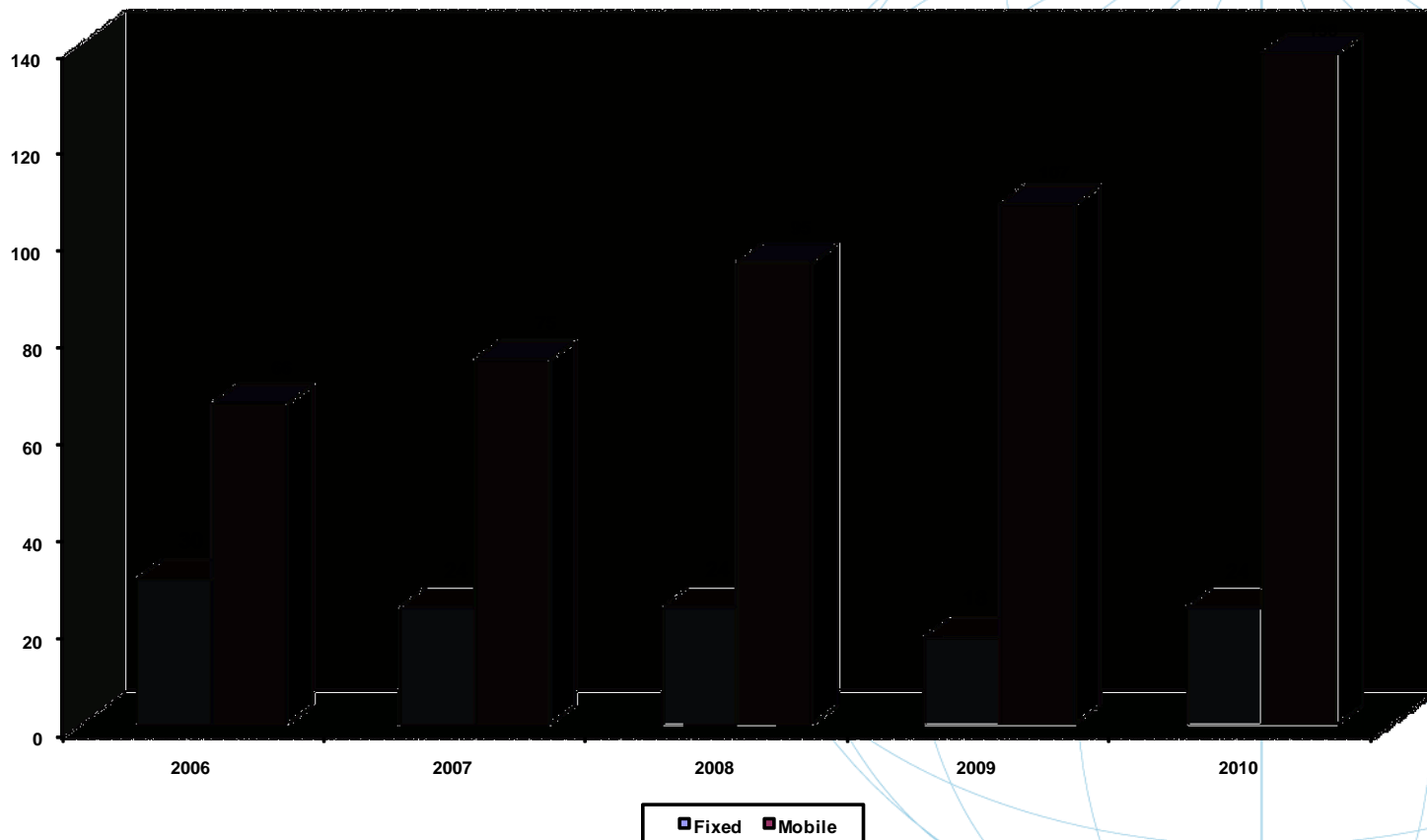
Share of telecoms in the economy





INVESTMENT

Investment (XOF billion)





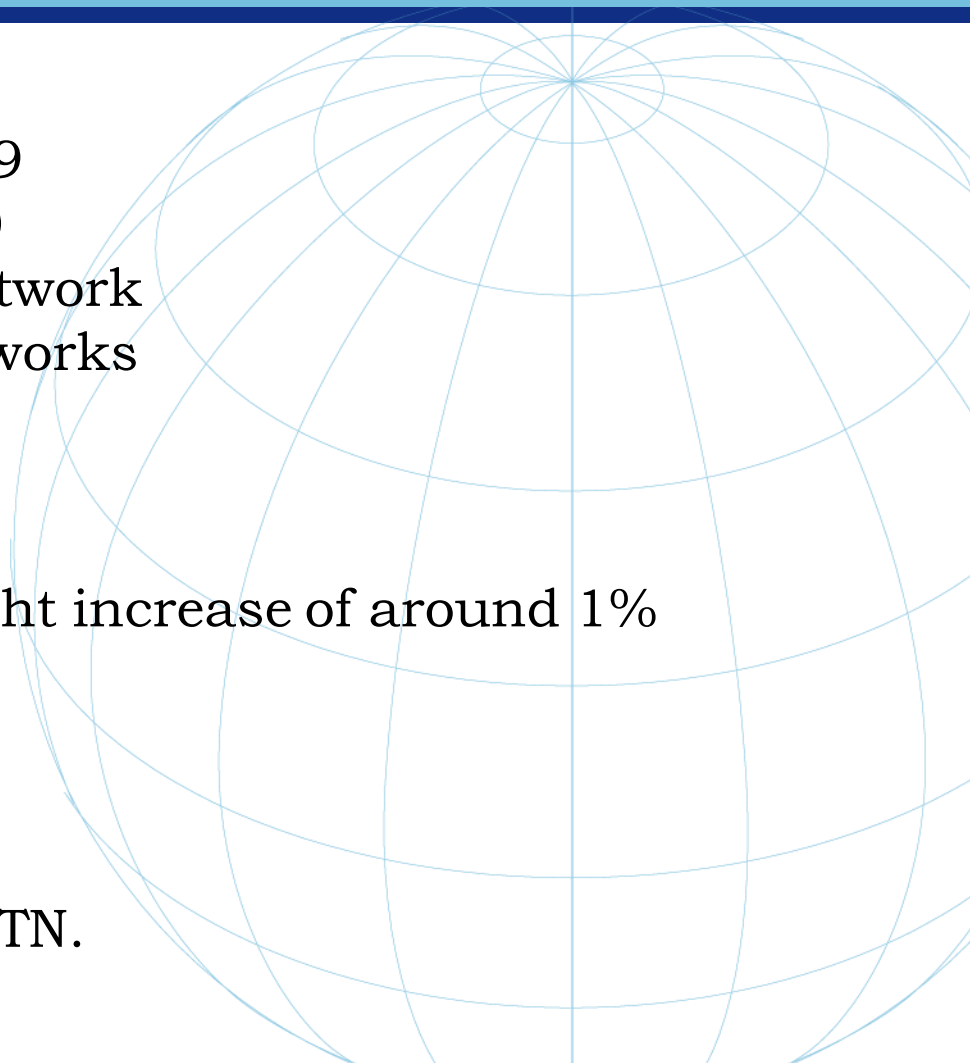
EVOLUTION OF TRAFFIC IN 2010

•MOBILE:

- ✓44% growth in relation to 2009
- ✓6.995 million minutes in 2010
- ✓86% traffic within a mobile network
- ✓9% traffic between mobile networks
- ✓1% traffic to fixed
- ✓4% international.

•FIXED:

- ✓475 million minutes, i.e. a slight increase of around 1%
- ✓49 % to mobiles
- ✓26% local traffic
- ✓12% national traffic
- ✓8% international traffic
- ✓4% Internet traffic over the PSTN.





CONTENTS

- I. Overview**
- II. Missions of the regulator**
- III. Taxation of services**
 - 1. RUTEL**
 - 2. Incoming calls**



ARTP

- Law 2011-01 of 24 February 2011 promulgating the Telecommunication Code, and incorporating the WAEMU directives, converts ARTP from an agency into an authority
- Stronger powers of control and sanction
- Ensuring fair and loyal competition
- Monitoring implementation of operators' specifications
- Ensuring equitable interconnection
- Identifying and recording infringements
- Sanctioning operators' faults
- Ensuring application of the regulations in force.



CONTENTS

- I. Overview**
- II. Missions of the regulator**
- III. Taxation of services**
 - 1. RUTEL**
 - 2. Incoming calls**



DEFINITION

- « RUTEL » - Fee for access to /use of the public telecommunication network
- Introduced by Law 2008-46 of 3 September 2008
- Collected by operators on behalf of the State
- 1 February 2009: fee set at 2 per cent (2%) of the pre-tax (pre-VAT) amount of the service paid by the customer
- January 2010: RUTEL increased to 5%
- To facilitate access to mobile- and fixed-telephone services for the populations, **abolition of value-added tax (VAT) and customs duties on fixed- and mobile-telephone sets for individual or corporate customers.**




CONTENTS

- I. Overview**
- II. Missions of the regulator**
- III. Taxation of services**
 - 1. RUTEL**
 - 2. Incoming calls**


MOBILE TERMINATION TARIFFS (Interconnection tariffs in XOF per minute before tax)

2007: Ten market segments identified. SONATEL enjoys dominant position in the ten segments




Peak	XOF 49
Off-peak	XOF 44.1

2008: SONATEL and SENTEL enjoy dominant position in mobile termination




Flat-rate tariff	XOF 41.4
------------------	----------



Flat-rate tariff	XOF 43.8
------------------	----------

2009: SONATEL and SENTEL enjoy dominant position in mobile termination and ARTP decision to enforce symmetry



Flat-rate tariff	XOF 23.4
------------------	----------



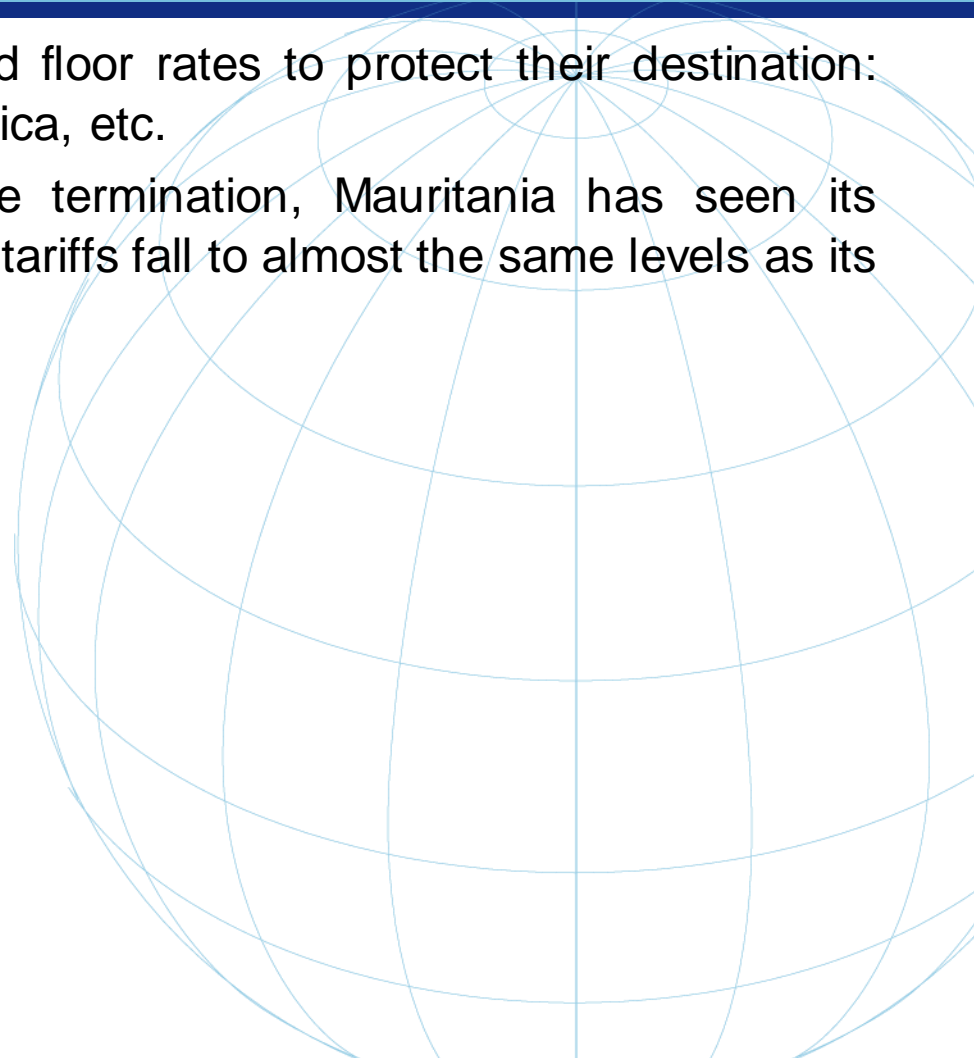
INTERNATIONAL TERMINATION

- For fixed: These tariffs only apply to :
 - The interconnected operator's mobile and/or fixed traffic from its Senegalese subscribers to SONATEL's fixed network;
 - incoming international traffic corresponding to outgoing international traffic of the interconnected operator's subscribers with selection of transporter.
 - For the proportion of incoming international traffic exceeding three times the international outgoing traffic of subscribers with selection of transporter, and for any other type of traffic, the tariff applied shall be XOF 65 per minute before tax.
- For mobile
 - These tariffs shall apply only for the interconnected operator's mobile and/or fixed traffic from its Senegalese subscribers to SONATEL's mobile network.
 - For incoming international traffic on SONATEL's mobile network transiting via the interconnected operator, the tariff applied shall be that applied by SONATEL or foreign operators.



BENCHMARK

- Several countries have introduced floor rates to protect their destination: United States, Arab League, Jamaica, etc.
- On account of a drop in mobile termination, Mauritania has seen its country's international termination tariffs fall to almost the same levels as its national tariffs.





TRAFFIC MONITORING?

- On average, 95 million international minutes per month
- No means for the State to check this traffic and be certain of the amounts declared by operators
- Desire not to undermine Senegal as a destination by allowing a price war
- Decree on international traffic with a floor rate set at XOF 141 shared between State and operator.



FIRST DECREE

- Decree 2010–632 of 28 May 2010 on the introduction of a charging and monitoring system for incoming international traffic in Senegal
- Minimum threshold set by the State: XOF 141.035 (EUR 0.21).
- Role of ARTP:
 - Establishment of a traffic monitoring system.
 - Collection of call detail records (CDR) and levying the State's share
- Decree in force for three months then suspended by the State following operators' strikes.



SECOND DECREE

- Decree 211-1271 of 24 August 2011 abrogating and replacing the first decree
- Same minimum threshold as in the first decree
- State's share:
 - **XOF 49.20 (EUR 0.075) for mobile termination**
 - **XOF 75.45 (EUR 0.115) for fixed termination**
- Role of ARTP:
 - Establishment of a traffic monitoring system
 - Collection of call detail records (CDR) and levying the State's share
- Decree takes effect no later than 1 November 2011.



THANK YOU FOR YOUR ATTENTION

