



Taxation in the digital ecosystem

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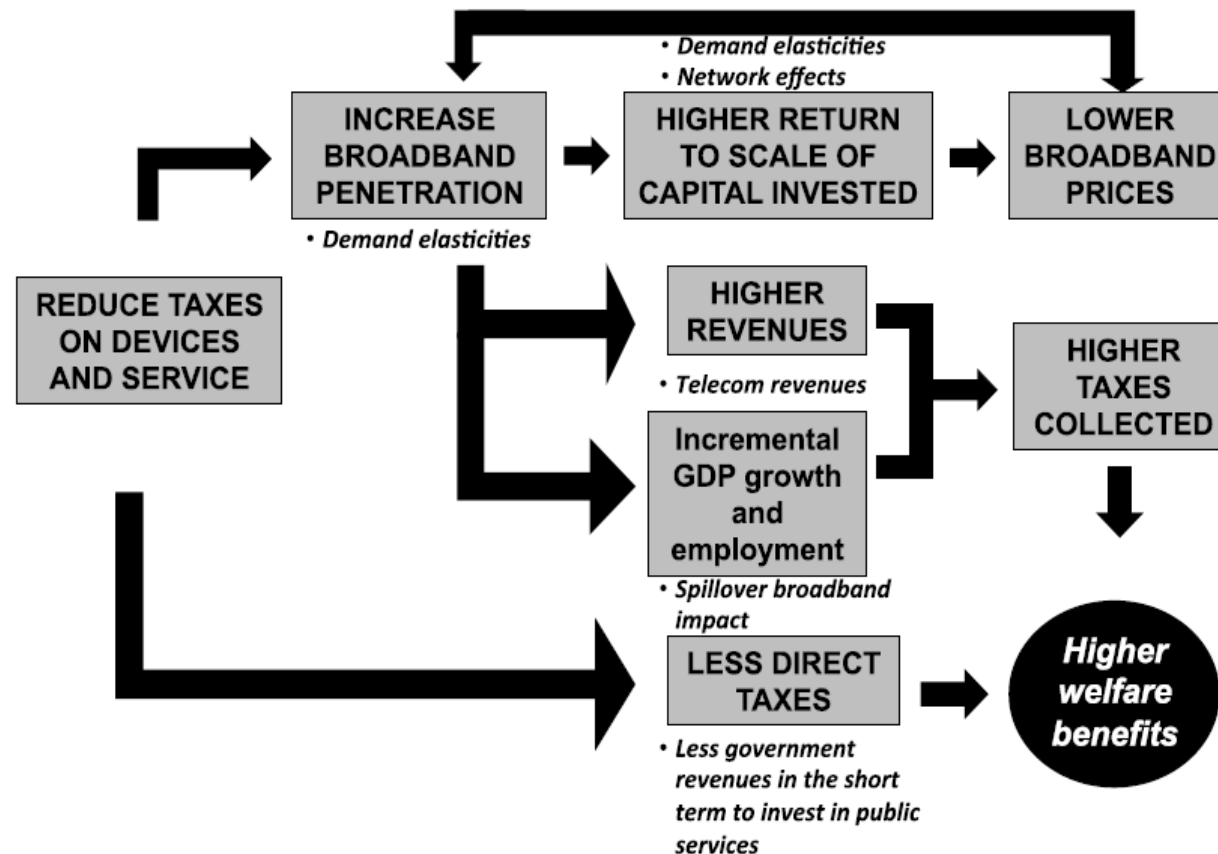


Two trends in terms of digital taxation policy

- The many who are pro-taxation - who aims to maximize tax collection;
- The many who are against taxation - who recognizes that lowering taxation benefits consumers and businesses, and consequently, economic growth.



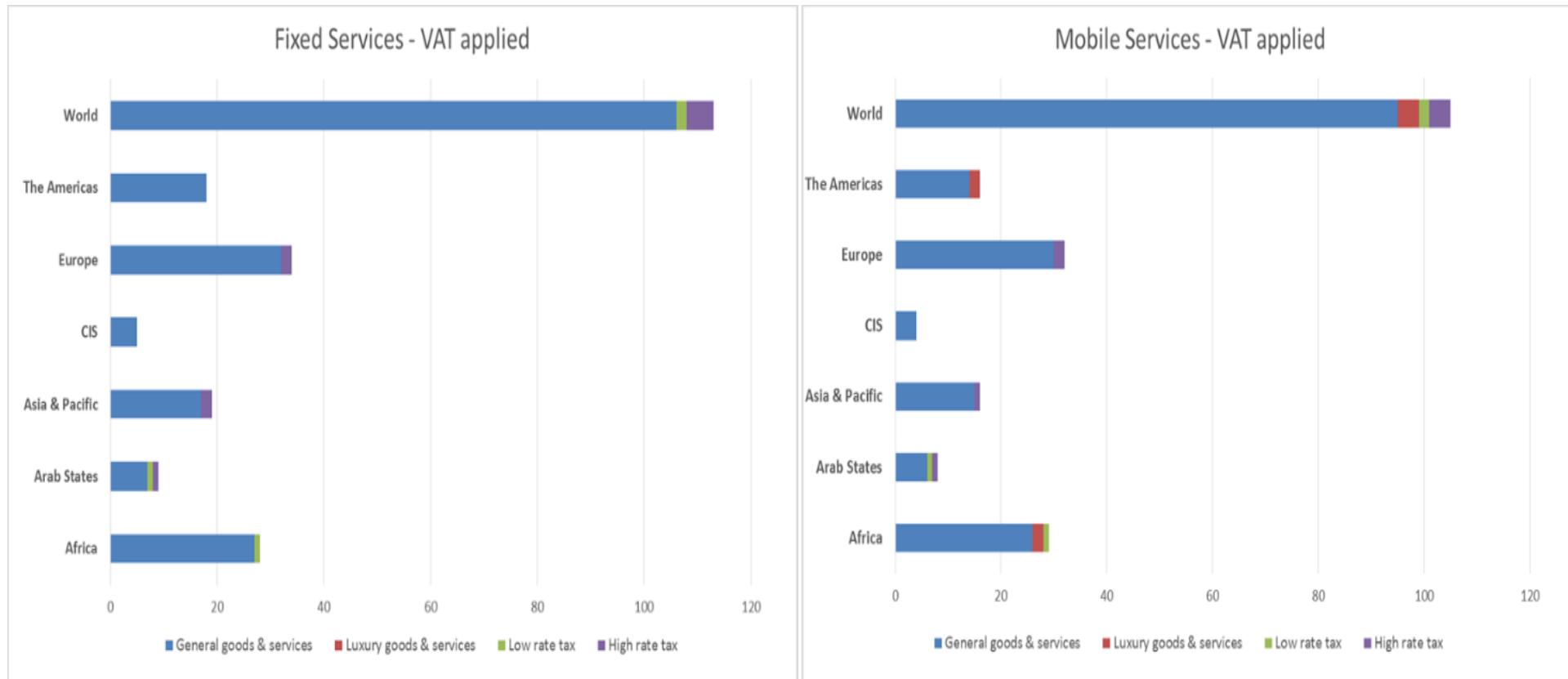
Virtuous circle of tax reduction on broadband services, equipment and services

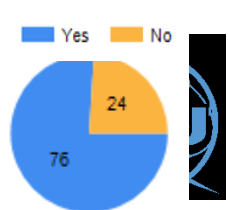




Regional differences

Category of Value-added tax (VAT) where telecommunication/ICT services are classified





Variety taxes on telecommunication/ICT

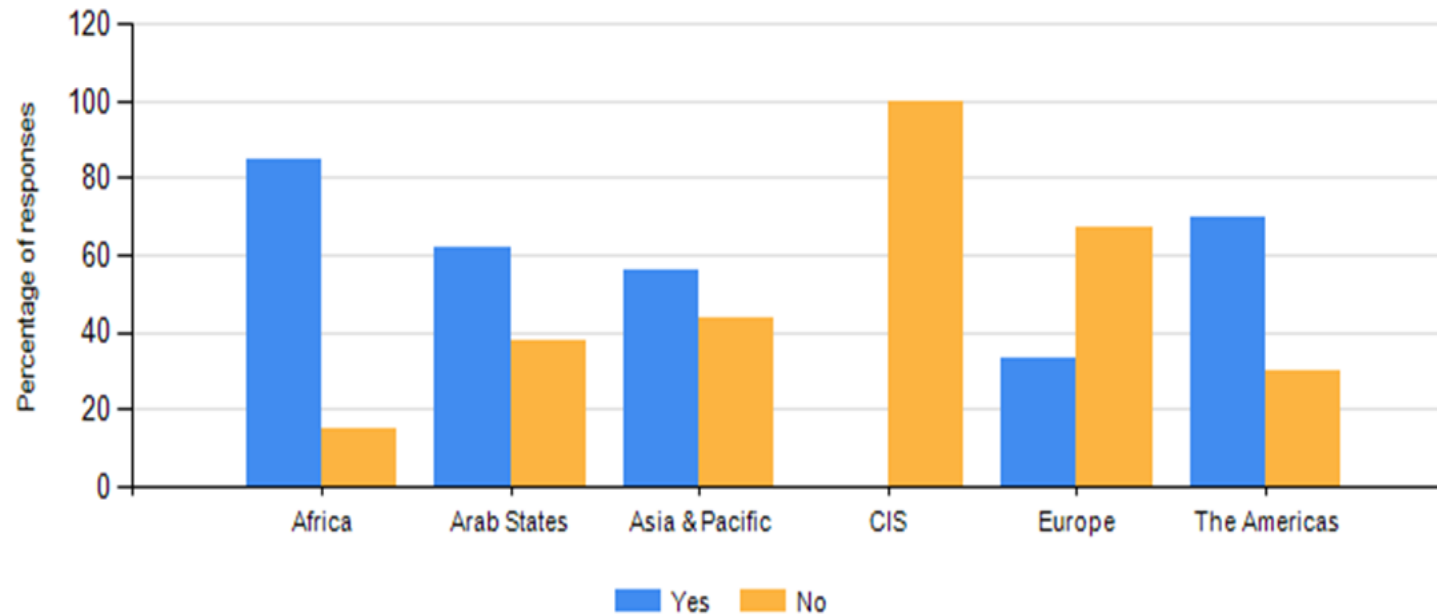
Value-added taxes	Sales taxes	Corporate Taxes	Property Taxes	Content Tax
<p>World</p> <p>Based on 119 responses</p>	<p>World</p> <p>Based on 106 responses</p>	<p>World</p> <p>Based on 116 responses</p>	<p>World</p> <p>Based on 100 responses</p>	<p>World</p> <p>Based on 89 responses</p>
Sector Specific taxes	Spectrum / license fee subject to VAT	Import duties	Import duties on equipment	Import duties on handsets
<p>World</p> <p>Based on 104 responses</p>	<p>World</p> <p>Based on 106 responses</p>	<p>World</p> <p>Based on 107 responses</p>	<p>World</p> <p>Based on 108 responses</p>	<p>World</p> <p>Based on 104 responses</p>

Yes No



Sector specific taxes

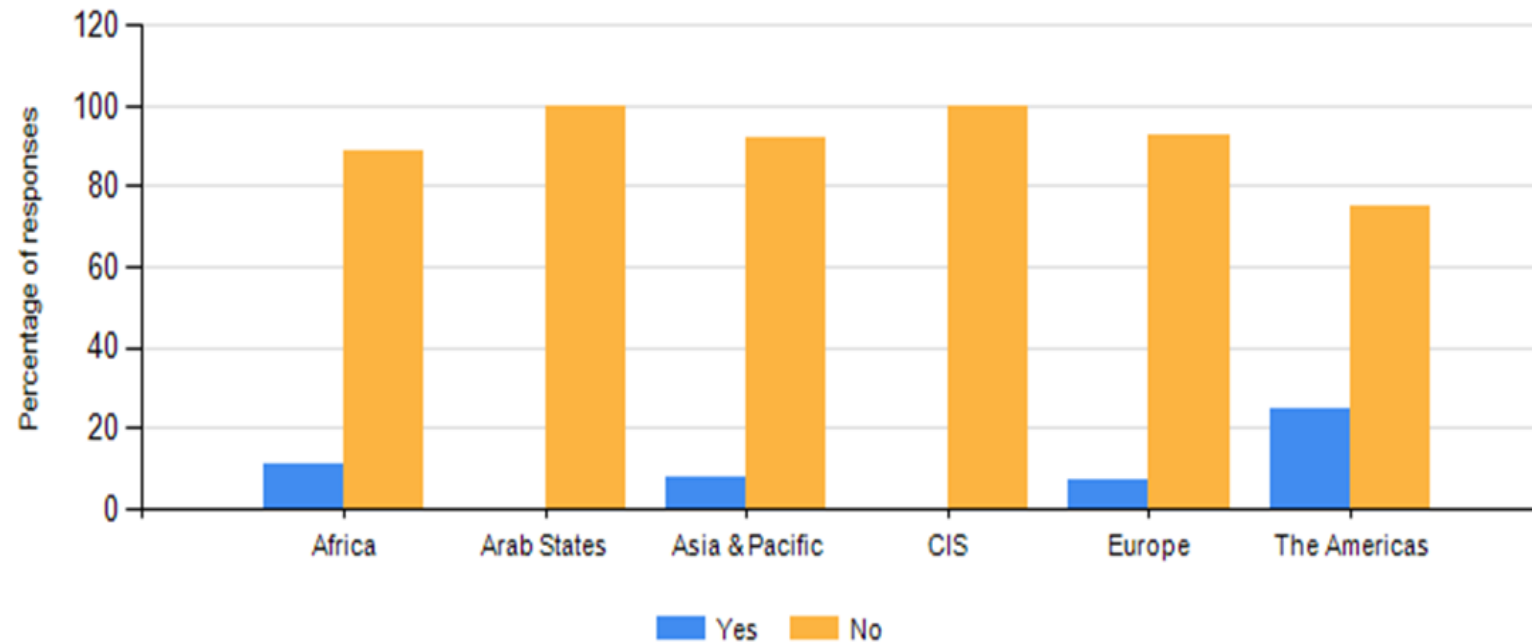
Taxation of telecommunication/ICT services: Sector specific taxes, 2017





Taxation of digital content

Taxation of telecommunication/ICT services: Content Tax, 2017





Taxation of digital content and services

Increasingly, taxes on OTT services and applications (e.g. video-on-demand) are being levied, or there are major plans underway to impose surcharges.

Taxation of OTTs is proving to be a challenge for some national regulators and fiscal authorities. Imposing current regulatory frameworks on digital goods and services is complex.

- The current tax regime, designed for physical products and companies with tangible assets, is outdated.
- There is no universally agreed definition of what is a digital service or goods are taxable





Taxation regimes in telecommunications...

A balanced taxation policy in the telecommunications sector is important but difficult to implement in the face of budget constraints. Governments should ensure that they do not compromise on long-term economic benefits by targeting short-term revenue. At the same time, it is worth noting that generally, taxation decisions fall within the remit of finance ministries rather than telecommunications ministries.

ITU Report 2018 m-POWERING FOR DEVELOPMENT:
TURNING OPPORTUNITIES INTO REALITY



Conclusions

- Governments should collaborate more closely on digital services taxation matters at national, regional and international level.
- Considering that generally, taxation decisions fall within the responsibility of finance ministries and tax authorities rather than telecommunication/ICT authorities, it is important to establish effective mechanisms for collaborative regulation.
- As highlighted by the ITU-D Study Group 1 Question 4/1 it is preferable to promote fiscal, para-fiscal and other incentives to encourage operators and service providers to reduce tariffs, this could include, for instance the elimination of customs duties on telecommunication/ICT equipment and terminals, rather than to apply excessive taxes.
- It becomes essential that governments promotes policies that encourage balanced and harmonized taxes, trying to avoid excessive burden to all stakeholders, but at the same time promoting both innovation and effective competition among all sector players in the digital ecosystem by considering affordability as a priority.