Agenda

9:00-9:45  Mapping fiscal policy and taxation in Mozambique: Overview
William Burnfield, GVIC, and Sonia Jorge, A4AI
The impact of fiscal policy/taxation on the ICT sector
A map of fiscal policy and taxation in Mozambique

9:45-10:30  Impact of changes in fiscal policy
William Burnfield, GVIC

10:30-10:45  Coffee/Tea Break

10:45-11:30  Breakout groups discuss specific cases or news stories on fiscal policy and taxation from around the world
Will Burnfield and Sonia Jorge facilitate

11:30-12:00  Breakout groups discuss opportunities for intervention
Mozambique
Will Burnfield and Sonia Jorge facilitate

12:00-12:20  Report back and Action Planning

12:20---12:30  Closing
WHY IS TAXATION OF TELECOMMUNICATIONS SECTOR IMPORTANT?
Traditional view of economic growth: separate sectors

- Services
- Agriculture
- Industrial – Mining, Manufacturing
- Health, Education
- ICT - Telecom Sector
- Electricity Sector
2015: Government must understand that ICT & Electricity sectors GDP growth catalysts

ICT Sector
Catalyst for National Economic Growth
Growth in services, individual incomes, corporate revenues, taxes
1.3 billion Facebook active monthly users = almost 20% of world population

Internet access is foundation on which many new services are created, expanding the tax base.

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<th>Rank</th>
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<td>1</td>
<td>Yahoo.com</td>
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<td>Google</td>
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<td>msn.com</td>
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<td>amazon.com</td>
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<td>Yahoo!</td>
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<td>6</td>
<td>microsoft.com</td>
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<td>Wikipedia</td>
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<td>myspace.com</td>
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<td>aol.com</td>
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<td>Qq.com</td>
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<td>10</td>
<td>go.com</td>
<td>10</td>
<td>Taobao.com</td>
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Source: D. Also Alexa.com/topsites.
COMPONENTS OF TAXES IMPOSED ON TELECOM SECTOR
Determination of appropriate sector taxation regime requires consideration of many factors, including:

• Expected effect of tax on income distribution and consumers
• Expected effect on investment – including impact on operator investment and achievement of government objectives such as universal broadband access
• Cost of collection of the taxes
• Who pays the tax, price elasticity, impact on consumer
• Input taxes and tariffs also paid by the entity (to avoid double taxation and ensure combined tax burden is not too high)

Typical taxes/fees imposed on telecom sector include:

- VAT or General Sales Tax – sometimes higher than other sectors
- Customs duty and excise taxes on handsets
  - Handsets often treated as luxury items with high customs duty rates and other special contributions (e.g. Gabon: mobile handsets have 30% customs duty and $5 fixed fee)
- Special communications taxes on mobile usage
- Airtime excise duty - applies to calls and SMS usage in addition to VAT
- Special taxes - e.g. Croatia and Ghana: new tax in response to the financial crisis
- Other telecom - specific taxes
  - SIM activation taxes – e.g. Bangladesh
  - Taxes on connection – e.g. Turkey
  - Monthly contributions for post-pay customers
  - Health insurance tax on mobile services – e.g. Ghana
Other fees often imposed on telecom operators include:

- Regulatory fees, often % of revenues (e.g. Chad and Congo B.)
- Special tax (e.g. Hungary: 4 - 6% of revenues imposed after 2008 financial crisis)
- Spectrum fees – fixed fee or spectrum contribution paid for every base station built (e.g. Kenya)
- Special fees such as Health Insurance Tax (e.g. Ghana)
MAPPING FISCAL POLICY AND TAXATION IN MOZAMBIQUE: OVERVIEW
## Fiscal Policy in Mozambique

<table>
<thead>
<tr>
<th>Tax or fee</th>
<th>Rate</th>
<th>Imposed on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs duty</td>
<td>7.5%</td>
<td>Telecom equipment, handsets, SIM cards, computers</td>
</tr>
<tr>
<td>VAT</td>
<td>17%</td>
<td>All equipment and devices</td>
</tr>
<tr>
<td>Corporate tax</td>
<td>32%</td>
<td>All Operators</td>
</tr>
<tr>
<td>Depreciation rate</td>
<td></td>
<td>Telecom equipment</td>
</tr>
<tr>
<td>INCM regulatory fees</td>
<td>Vary</td>
<td>Telecom operators</td>
</tr>
<tr>
<td>License fees</td>
<td>Vary</td>
<td>Telecom operators</td>
</tr>
<tr>
<td>Spectrum fees</td>
<td>Vary</td>
<td>Telecom operators</td>
</tr>
<tr>
<td>Taxes on services?</td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Other?</td>
<td></td>
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</table>
Corporate tax rate in Mozambique is 32%. Other taxes are also imposed.

<table>
<thead>
<tr>
<th>Resident Companies</th>
<th>32%</th>
</tr>
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<tbody>
<tr>
<td>- Tax free zone operators and enterprises (industrial zones)</td>
<td>Exemption in the first 10 years, 50% reduction of general tax rate from 11% to 15th year, 25% reduction in remaining years of the project.</td>
</tr>
<tr>
<td>- Tax free zone operators and enterprises (special zones)</td>
<td>Exemption in the first 5 years, 50% reduction of general tax rate from 6th to 10th year, 25% reduction in remaining years of the project.</td>
</tr>
<tr>
<td>Tax on Mining exploration</td>
<td>0% - 15% depending on the nature of the minerals</td>
</tr>
<tr>
<td>Tax on Oil exploration</td>
<td>50%</td>
</tr>
<tr>
<td>Tax on Gas exploration</td>
<td>25%</td>
</tr>
<tr>
<td>Capital gains</td>
<td>Incorporated in the taxable business income</td>
</tr>
<tr>
<td>Dividends</td>
<td>20% (4% withheld if paid to another local company of which the shareholding is at least 20%)</td>
</tr>
<tr>
<td>Bank interest</td>
<td>0% (no withholding if paid to a resident credit institution)</td>
</tr>
<tr>
<td>Royalties</td>
<td>20%</td>
</tr>
<tr>
<td>Fees</td>
<td>No withholding</td>
</tr>
<tr>
<td>Rent</td>
<td>20% (on exceed real estate companies)</td>
</tr>
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</table>

32% Corporate tax rate in Mozambique is relatively high compared to other countries

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Tax Rate</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>28%</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>26%</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>24%</td>
</tr>
</tbody>
</table>
Mozambique 32% corporate tax rate (imposed on mobile operators and others) is higher than many other countries
Corporate taxes on operators remains highest in Africa & Asia regions

Tax as % of Total Cost of Mobile Ownership

Source: GSMA Global Mobile Tax Review 2011
But additional taxes on mobile operators in Mozambique, excluding VAT, are low compared to other countries.

Source: GSMA Global Mobile Tax Review 2011
A negative correlation exists between higher taxes and mobile penetration in Africa.

Mozambique offers various tax exemptions and credits to encourage investment in certain sectors

- Exemptions available from customs duties, reduced tax rates, investment credits, accelerated depreciation allowances, transfer tax reductions
- Investment schemes are available for: Agriculture, Hotel and tourism, Public Infrastructure & large-scale (over USD500,000) projects, rapid development zones, Industrial free zones, Mining, Petroleum
- The telecommunications sector is not specifically named but presumably is included under “public infrastructure and large scale projects”
- Movitel investment in third mobile network presumably benefits from these exemptions, as did Vodacom Mozambique

Unlike other sectors, telecommunications projects are not specifically eligible for these tax measures unless part of “public infrastructure and large scale” project or another sectoral projects. This prevents smaller innovative telecommunications operators from using exemptions.
Mozambique investment schemes offer substantial investment tax credits and accelerated depreciation that effectively lower corporate tax rates on authorized investments

- Exemption from customs duties for qualifying equipment
- Basic investment credit against the entity’s tax liability equal to 5% of the relevant investment costs incurred over a 5 year period in new tangible fixed assets. Unused credit may be carried forward for 5 years. Increased credits of 10% and 20% are offered in certain specified provinces
- A 5 year investment deduction limited to 15% of taxable income for investment in modern technology equipment, 10%, training of Mozambicans in modern technologies, 5% for training Mozambicans in other approved areas
- Accelerated depreciation allowance at 2 times normal rate, for investment in new or restored buildings and equipment used in industrial and agro-industrial sectors
- 10 year deduction of 150% of expenditure incurred on construction or restoration of infrastructure and public utility works nationwide (120% if incurred in Maputo)
- 3 year 50% reduction in transfer tax for purchase of immovable property for industrial, agro-industrial or hotel activities.
Accounting depreciation rates in Mozambique presumably follow International Financial Reporting Standards (IFRS) for telecom equipment. Tax depreciation can be different.

- Accounting depreciation of equipment is based on useful lifespan (e.g. laptop - 3 years, telecom switching equipment - 5 years)
- IFRS does not require specific method of depreciation. Most telecom operators use straight line method based on equipment lifespan, because use of equipment over time is uncertain
- Numerous decisions required for depreciation of telecom equipment:
  - Depreciation begins when equipment is ready for use.
  - Operators often have significant undepreciated equipment balances due to long lead times in building networks.
  - Useful life of equipment could be longer shorter than license term or life of network, because old equipment can be sold or redeployed
Depreciation for tax purposes can differ from accounting depreciation. Governments often allow accelerated tax depreciation to achieve policy objectives or support specific industries, including telecommunications sector.

- Example: American Recovery and Reinvestment Act of 2009, extended bonus depreciation and increased tax deductions provided larger deductions from income for cost of machinery, equipment, vehicles that are used for manufacturing, production, transportation, communications, electricity, gas, water, or sewage disposal services.
- Example: Accelerated depreciation to encourage investment in renewable energy industry in US.

Mozambique could adopt accelerated depreciation for equipment such as computers, notebooks, other smart devices (to encourage broadband demand) or switches, fiber optic cable needed for Next Generation Access (to lower cost of broadband access).
Conclusions: Mozambique’s fiscal regime should facilitate rapid rollout of broadband infrastructure and access in order to support GDP growth

• Fiscal incentives to operators to build infrastructure and provide access should be provided:
  – Rapid depreciation for network equipment
  – Low customs duties on equipment imports
  – Low VAT and others fees on broadband services
  – Low regulatory fees for licenses and spectrum needed to roll out broadband
  – Government co-investment

• Fiscal incentives to consumers to buy and use broadband services should be provided:
  – Low VAT and import taxes on devices
  – Incentives in high cost areas in order to reduce cost to consumer (including targeted subsidies)
Conclusions: Mozambique Corporate Taxes and Depreciation

- Mozambique should focus on increasing tax revenues in broader economy over long run (rather than short run) and obtaining the extensive societal benefits available from broadband access.
- Mozambique corporate tax rate is high (32%) compared to most other African countries. This rate applies to all companies, not just telecom operators.
- African country corporate tax rates are higher than in most other regions.
- High corporate tax rate reduces profits available for investment in telecom networks, reducing funds available for broadband rollout.
- But it would likely be politically impossible to reduce corporate taxes only for telecom operators, because this rate applies to companies in all sectors.
Conclusions: Mozambique Corporate Taxes and Depreciation

• Some countries selectively accelerate depreciation for specific equipment (e.g. for 1-2 years or longer) to encourage investment by all companies.

• It may be easier to reduce the effective corporate tax rate by extending accelerated depreciation and investment tax credits currently available to “authorized” Mozambique investment projects to:
  – Specific devices and equipment such as computers, notebooks, smartphones, switches, fiber optic cable
  – Telecom operators, to encourage investment in broadband infrastructure, particularly in rural areas
  – Smaller operators that invest in specific assets such as fiber optic networks, masts, etc. that facilitate broadband access
  – SMEs and other businesses not in the telecom sector that invest in devices that use broadband access
Recommendations: Preferential taxes for telecommunications projects

• Currently preferential tax benefits are limited to specific large “authorized” projects
• Government should include telecommunications sector as a specific sector eligible for treatment as authorized investment schemes apply to (similar to agriculture, hotel and tourism, mining) rather being eligible only if they are a large public infrastructure project or other authorized investment
Expected Fiscal Impact of Recommendations: Long term higher Mozambique tax revenues and eSociety benefits

Allowing accelerated depreciation for telecom operators and SMEs buying devices that facilitate broadband access, while keeping Mozambique corporate taxes at 32% would...

IMPACT IN SHORT TERM:
Reduce corporate taxable income and taxes paid by ICT opera ors to GoM

MEDIUM TERM:
Increase efficiency and productivity of economy, thereby increasing tax revenues from services sold, corporate and individual taxes and VAT

IMPACT IN LONG TERM:
Larger tax base and social benefits (eHealth, eGovernment, eEducation, eTraining) through better broadband access
Tax on mobile operators is measured as % of total cost of mobile ownership (TCMO) and total cost of mobile usage (TCMU).
Tax as % of Total Cost of Mobile Ownership (TCMO): Mozambique is below African region average

Countries in East Africa have highest taxes in Africa

Source: GSMA 2011
Mozambique taxes as % of TCMO have declined from 2007 - 2011

Source: GSMA Global Mobile Tax Review 2011
But mobile taxes as % of mobile costs in Africa are higher than other developing regions, which may deter mobile usage

Source: GSMA Global Mobile Tax Review 2011
Mozambique taxes as % of Total Cost of Mobile Usage in Africa are relatively low

Source: GSMA 2011
Mozambique taxes as % of handset costs in Africa are also relatively low

Source: GSMA 2011
Conclusions: Total Cost of Mobile Ownership (TCMO) in Mozambique

- Mobile broadband is main source of broadband access in Africa, unlike other regions. 80% of mobile broadband connections in Africa will be on smartphones (not laptops or tablets) in 2015, highest in the world.
- Mozambique total cost of mobile ownership is lower than:
  - African average
  - Global average
- Mozambique TCMO has declined 2007-2011 (data available) and presumably continued to decline rapidly after Movitel launch.
- But TCMO is higher in Africa than other regions.
- TCMO acts as a floor on mobile pricing.
- Due to low Mozambique GDP per capita, TCMO, while low, still represents a major obstacle to mobile adoption, particularly in rural areas of Mozambique.
Recommendations: Total Cost of Mobile Ownership (TCMO) in Mozambique

• Leave 32% corporate tax rate at current level for all sectors
• Consider allowing accelerated depreciation (double usual rate) and investment tax credits (5%, 10%, 15%) for all telecom operators, corporations and SMEs for purchases of devices with broadband access:
  – Smartphones
  – Laptops
  – Tablets
IMPACT OF CHANGES IN FISCAL POLICY
Telecommunications is the one sector of the economy where all other sectors intersect

- Telecommunications is the one sector where all other sectors of economy intersect
- Growth in telecom services is a catalyst for broad GDP growth in the Mozambique economy
- Sectors that rely on low cost, high quality telecom services, particularly high speed broadband, include:

  - eCommerce
  - eBanking / online banking
  - eGovernment
  - eHealth
  - eEducation
  - eTraining
  - Online property registry
  - Online retail sales
  - eBooks
  - Online marketing
  - Online entertainment
  - Social networking
The Transmission Mechanism Of Mobile Sector Taxation

1. Re-balanced Mobile Taxation
2. Price of mobile services
3. Consumer demand
4. Infrastructure investment
5. Operator profitability
6. Productivity, investment, and employment
7. Coverage and quality of mobile services
8. Economic growth

Multiple effects
Broadband demand in developing countries will increase substantially only if prices for internet access fall substantially.

- Penetration rates for mobile telephony increased largely because service and handset prices declined so substantially that mobile phone service became widely affordable.
- Similarly, prices for internet access must fall substantially in order for broadband penetration rates to increase substantially.

Source: ITU. For more information on the ICT Price Basket and the way it is calculated, see ITU (2010b).
Multiplier effect of increased penetration of telecom services: 1.4% increase in GDP growth for 10% broadband penetration increase

Source: World Bank
Telecom sector policy, regulation and fiscal regime impacts Mozambique’s broader economic growth. Government should implement fiscal measures that assure long term in broader economy (GDP) and tax receipts.
Good sector policy, regulation and taxation that supports telecom services (particularly broadband) can increase Mozambique GDP.
It is important to frame the “tax debate” appropriately

- Goal should be how to optimize the tax regime to best support broad economic growth, job creation and social development in Mozambique
- Debate should not focus simply on reducing taxes imposed on telecom operators
Tax revenues lost from lower tax rates to encourage ICT investment and lower prices are compensated from several sources:

- Higher corporate, VAT and customs duties from broader economy due to higher GDP growth supported by low cost ICT services (multiplier effect)
- Higher personal income taxes due to higher GDP per capita
- Higher ICT sector tax revenues due to higher revenues within sector resulting from lower prices

Total corporate tax revenues $100 million  
Total tax revenues USD$150 million  
ICT Sector tax revenues $20 million  
ICT Sector tax revenues $30 million
Possible pathways to improving fiscal regime in Mozambique (1)...

- Politically difficult to reduce 32% corporate tax rate, so focus should be on reducing “effective all-in tax rate”
- May be easier to convince government of impact of taxes if focus on impact on funds available for network investment and consumer prices, not on operators’ profits.
- Operators (mobile, fixed, ISPs) should map out for government the overall impact of taxes on their funds available for investment and prices: Customs Duties, VAT, corporate taxes, INCM regulatory fees, etc.
Possible areas of focus to improve fiscal regime in Mozambique (2)…

• Do not reduce corporate tax rate of 32%
• Instead consider lowering tax rate on SMEs (below USD $2-3 million Revenues?)
  – SMEs are usually largest source of employment growth
  – Encourages ISPs and smaller innovative ICT firms
  – Applicable to all SMEs not only ICT
Possible areas of focus to improve fiscal regime (3)...

- Reduce or eliminate customs duty of 7.5% on telecom equipment and internet accessible devices (smart phones, tablets, computers, etc.)
- Reduce or eliminate VAT on similar devices
- This will reduce smuggling of low quality counterfeit products which hurt quality of service for customer
- Accelerate depreciation rates for all companies on purchased telecom equipment, computers, etc. to encourage companies to use internet and computerize their processes and services
  - Reduces effective corporate tax rate by reducing taxable income
Government concerns about reducing tax rates on ICT sector

- Existing fiscal / tax regime is result of years of careful balancing of competing interests, and can be risky to change
- Change to tax regime requires assessment of net impact on tax revenues: lost revenues vs. estimated tax gained, so that the result of the change is revenue neutral or tax positive
- Easier to quantify reduction in tax revenues from ICT sector than to estimate additional tax revenues from broader economic growth, because additional growth depends on many assumptions (income and employment multipliers, elasticity of demand response to lower cost ICT services, etc.)
- Easier to collect taxes from telecom operators than from broader economy, because much of the growth in broader economy will be in informal market, which is largely untaxed
- May be politically difficult to provide preferential tax treatment to one sector (ICT) – easier to defend tax reductions applicable to all sectors
- Tax reduction is easier than tax elimination
BREAK OUT GROUPS
Part 1: Discussion of cases and/or news stories

Good practices examples:

• GSMA Study
• Slovakia
• Kenya
• Uruguay
Slovak Republic Case Study (1)  
Investment to increase broadband penetration

Slovak Republic objectives:
• Improve broadband availability in rural areas by increasing broadband infrastructure.
• Create backhaul (i.e. middle-mile) network using subsidy from public funds in un-served areas to reduce entry barriers (by lowering investment costs) for operators, encouraging them to extend their broadband coverage in rural areas.
• Network will offer open wholesale access to third-party operators who will then focus their access infrastructure investment on last mile network segment to deliver broadband services to end-users.

Target areas:
• Conducted detailed mapping and coverage analysis to identify target areas
• Provides subsidies for infrastructure in 729 municipalities where no adequate broadband services are available.
• Backhaul fibre lines will be placed where none is available and no commercial plans of private operators to undertake such investments within the next three years.
Slovak Republic Case Study (2)
Investment to increase broadband penetration

<table>
<thead>
<tr>
<th></th>
<th>Slovak Republic</th>
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<tbody>
<tr>
<td>Population</td>
<td>5.4m</td>
</tr>
<tr>
<td>Rural population</td>
<td>43%</td>
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<tr>
<td>Density</td>
<td>112/ sq km</td>
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- Demand-side measures supporting broadband (connecting schools to the internet) and e-Government services already in place for several years.
- However, these did not fix lack of adequate broadband network infrastructure in sparsely populated rural areas of Slovakia with lower standard of living than the average and lower purchasing power, where it is not economically feasible for operators to build infrastructure and provide broadband services.
Slovak Republic Case Study (3): Cost/ Benefit Scenario

- €113 million of state aid to support a backhaul network for 330,000 unconnected citizens in 729 rural municipalities (€ 342 per connection).
- This will lower the entry costs for private firms to serve the population with retail services via competitive access networks in the municipalities.
### Illustrative Investment Example: Payback for Mozambique funding of broadband infrastructure to increase penetration

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>State funding injection</td>
<td>$150m</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Cumulative funding</td>
<td>$150m</td>
<td>$150m</td>
<td>$150m</td>
<td>$150m</td>
<td>$150m</td>
</tr>
<tr>
<td>Increase in broadband penetration rate</td>
<td>+1%</td>
<td>+2%</td>
<td>+3%</td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td>GDP without broadband increase</td>
<td>$15.3 billion</td>
<td>$16.4 billion</td>
<td>$17.5 billion</td>
<td>$18.7 billion</td>
<td>20.1 billion</td>
</tr>
<tr>
<td>GDP with broadband penetration increase</td>
<td>$16.6 billion</td>
<td>$18.0 billion</td>
<td>$19.5 billion</td>
<td>21.1 billion</td>
<td></td>
</tr>
<tr>
<td>GDP increase*</td>
<td>+$211 million</td>
<td>+$229 million</td>
<td>+$248 million</td>
<td>+$269 million</td>
<td></td>
</tr>
<tr>
<td>Cumulative GDP increase</td>
<td>+$211 million</td>
<td>+$440 million</td>
<td>+$688 million</td>
<td>+$957 million</td>
<td></td>
</tr>
<tr>
<td>Payback in GDP increase</td>
<td>-$150 million</td>
<td>+$61 million</td>
<td>+$501 million</td>
<td>+$1,169 million</td>
<td>+$1,438 million</td>
</tr>
</tbody>
</table>

* Based on Mozambique GDP of €15.3 billion in 2013, growing at 7% per annum plus a broadband stimulus of 0.138% for every 1% increase in penetration, based on World Bank study conclusion that in low and middle income countries, GDP increases an average of 1.38% for every 10% increase in broadband penetration rate.
Selected Examples: GSMA study says that MNOs pay 40% of revenues in taxes

Taxation contributes significantly to the high cost of Internet access. Equipment, devices, and services are often subject to a range of taxes. These can range from Value Added Tax (VAT) — which applies to most goods and services — to special communications services taxes on Internet data, surtaxes on international traffic, and customs duties on smartphone and network equipment. In addition, taxes can apply at the local, state, and national levels, often creating confusion or extra cost.

What impact does this have? Based on a study of 19 economies, the GSMA estimates that mobile operators contribute up to 40% of their revenues in taxes and fees, and that taxes account for up to 25% of the total cost of mobile ownership by subscribers. Taxes are almost always passed on to the end user in the form of higher prices, so it is the person in the street who suffers. Heavy taxation increases prices and slows down Internet adoption. Although hard for many governments to accept, in the short term, the reality is that a reduction of taxation on broadband devices, equipment and services can have a significant socio-economic benefit, and ultimately increase overall tax revenues in the medium term. Policy makers need to play a major role in increasing affordability by reducing taxes on services and devices, enhancing transparency and certainty over future taxes, and encouraging targeted tax relief (e.g., low-tax computer purchase programs for students).

Source: A4AI 2014 Affordability Report
Selected Examples: Kenya

Rebalanced Taxation Can Widen the Tax Base

- The Kenyan government increased sales tax revenue from 1.5% of GDP in 2010 to 4.5% in 2012 in order to increase tax revenue and reduce the inequality in distribution of resources among different income levels.

- Revenue from sales taxes increased from KES 42 billion in 1997 to KES 154 billion in 2012, which was allocated to various public projects and services.
Uruguay Case Study

• Uruguay government abolished airtime tax in 2007 = 30-50% of calling costs.
• In 2008, prices per minute fell by 2/3+
  Penetration more than doubled from 65% to 141% in 2011
• Network usage rose from about 400 annual minutes per subscriber in 2006 to 1,600 in 2011
Part 2: Discuss opportunities for intervention Mozambique

• Break out into 4-5 groups.
• Each group chooses one moderator - this person will stay at the same table throughout the exercise and take notes.
• Group comes up with 1-2 recommendations (for example 2 policy recommendations on Infrastructure Sharing)
• After 10-15 minutes, everyone (except for the moderator) moves to a new table (groups don't have to stay together).
• Once everyone has rotated, the moderator will explain to the table the recommendations of the previous group. The job of the new groups is to edit and refine the prior group's recommendations.
• Rotate the room at least once more.
• At the end, the moderators will report back on the final recommendations, which by now will have gone through at least two rounds of refinement. A notetaker records the final recommendations in a document.
REPORT BACK & ACTION PLAN
Next Steps:

• Integrate knowledge and information gained into work plan

• Identify priority taxes/duties to tackle

• Finalize work plan, including set of activities/tasks necessary to achieve outputs
Thank you!

Join the A4AI-MOZ Coalition and Working Groups!

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Emilie.yam@webfoundation.org