A4AI Ghana Experts Workshop
[Taxation]

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Report Highlights

• Total Tax Contribution Report
  – 32% of industry revenues goes to GoG
  – Taxes borne (30%), Taxes collected (70%)

• Findings
  – CAPEX Decline

• Industry Priority Tax

• Conclusion
• 32% of Industry revenues/turnover goes to GoG
• Taxes borne (30%) and Taxes collected (70%)
The total taxes borne:
Profit taxes (25% corporate income tax, National Fiscal Stabilisation Levy); People taxes (i.e. social security contributions and PAYE contributions, which are sometimes borne by companies on behalf of employees); and Product taxes (irrecoverable VAT and customs duties), property taxes (business rates), and government agency or regulatory fees.

Taxes collected:
Profit taxes (withholding taxes on vendor or supplier payments); People taxes (PAYE, employee social security); Product taxes (CST, VAT); and Property taxes (business permits, and stamp duties on land registration and loan facilities).
Findings: CAPEX Decline

- Study shows a CAPEX decline of 43%
  - Non-profitability of 4 out of 5 Operators, has slowed investment
  - Negative Impact of Foreign exchange depreciation
  - Divestment in Tower Infrastructure
  - Regulatory and Policy Unpredictability

![Average CAPEX Chart]

- 2011 in Ghana cedis
- 2012 in Ghana cedis
- 2013 in Ghana cedis
PRIORITY TAXES

- NFSL
- CST on Interconnection
- 20% import duty on Devices
- VAT on Mobile Money
- SIIT
  - Implications
    - Loss of traffic, revenue to GoG, Operators (grey market growth)
    - Penalties
  - Industry alternative:
    - Remove 19cents floor price
    - Replace fixed surcharge with 32% ad valorem tax
    - Continuous Engagement with MoC, MoF, Parliament, NCA, CSOs, Media
CONCLUSION

• Excessive focus on direct revenue from Telecoms
• Need to recognize multiplier effect and future of Telecoms
• What’s your role?
THANK YOU!!!