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TELECOMMUNICATIONS**
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Accra, July 3, 2013: The cost of telecom services could rise if the Communication Service Tax (CST) Amendment Bill currently before parliament is passed.

The bill imposes a six percent tax in addition to the existing surcharge of six cents per minute which government collects on international calls.

Already mobile network operators pay to government 15 percent VAT and NHIL on incoming international calls.

Besides, the Ministry of Finance is considering a further five percent Stabilization Levy on telecommunications services.

CST or Talk Tax was introduced as a Consumption Tax in 2008 to raise revenues for government from subscribers by taxing them six per cent on the value of services used. In practice, however, network operators absorb this tax as well because of competition.

The telecoms industry is the only sector that has maintained almost zero inflation in the Ghanaian economy consistently for more than 36 months despite rising inflation in other sectors.

If parliament passes the CST Amendment Bill it would lead to a substantial increase in the cost of telecommunication services, if operators pass on the cost to consumers.

On the other hand, if mobile operators absorb the new taxes, it would make it difficult for them to justify the large investments required to expand infrastructure to meet the fast-growing demand for telecom services, particularly data.

**FOR FURTHER INFORMATION PLEASE CONTACT
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BACKGROUND NOTES:

- Year-on-year inflation for communications was 0.4% in 2012, compared to an overall average of 8.8%.
- Mobile network operators have invested nearly six billion dollars in the Ghanaian economy.
- Government captures approximately 37% of operator revenues as taxes.
- Over 1.6 million jobs have been created by the telecoms industry directly and indirectly.