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Telecom operators oppose proposed service tax

By Zakariyya Adaramola | Publish Date: Apr 11 2016 5:00AM

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Telecommunication Mast

The global association of mobile operators (GSMA) and telecom operators in Nigeria have rejected the nine per cent communication service tax being proposed by Nigerian authorities.

The tax is to be levied on charges payable by a user of an electronic communication service (i.e., SMS, voice calls, MMS, data usage) supplied by service providers.

But the telecom operators said the tax would result in an increase in prices for consumers if introduced.

In a letter written to the ministers of finance and communications, Mrs Kemi Adeosun and Mr Adebayo Shittu respectively, the operators said: "The tax would have adverse impacts on the adoption of mobile services and industry investment and be counter-productive to the longer term national digital strategy objectives set by the government of Nigeria."

They said majority of Nigeria phone users were poor and taxing them would deprive them of one the basic needs of life.

"Further taxation on electronic communication services will hit lower income consumers the most, who are already struggling due to the adverse economic situation and increased price pressure and for whom affordable access to information and communication technology is critical to their social and economic inclusion.

Moreover, this will result in a double taxation for consumers who already pay Value Added Taxes on telecommunications services,” the letter jointly signed by the President of Association of Licensed Telecommunications Operators of Nigeria (ALTON) Engr Gbenga Adebayo said. Others who signed include Director Africa, GSMA, Mortimer Hope, National President, National Association of Telecommunications Subscribers, Chief Adeolu Ogunbanjo and President, Association of Telecommunications Companies of Nigeria, Engr. Lanre Ajayi.