

ITU Workshop on “Taxation of Telecommunications Services and Related Products”

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OVERVIEW OF TELECOMMUNICATIONS SECTOR TAXATION IN BURKINA FASO

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Introduction

- The telecommunication sector in Burkina Faso was liberalized in 1998.
- Three operators hold global licenses in the market.
- The country has experienced an average growth of 5.2% of the GNP in the decade 2000 – 2009 and the services sector account for 3.1 points of this growth.

Taxes imposed by telecom sector law

- Telecom sector law was adopted in 2008 with provisions for taxation:
 - Universal access/service fund: **2%** of annual turnover from all services offered under the license;
 - Regulation fee: **1%** of annual turnover;
 - Research and training: **0.5%**.

Note: dead line for the payment is 15 July and a penalty of 15% is applicable for late payment.

Other taxes from fiscal legislation

Table 1: Fixed services taxation

	Service	VAT
Regulated services	Voice telephony	Yes
	Capacity	Yes
	Local interconnexion	Yes
	International call termination	No *
Value added services	Any value added service	Yes

(*): Operator do not collect VAT from its partners sending incoming traffic but pays it as part of sales of services.

Other taxes from fiscal legislation (Cont.)

Table 2: Mobile services taxation

	Service	VAT
Regulated services	Voice telephony	Yes
	Roaming	Yes
	Local interconnexion	Yes
	International call termination	No *
Value added services	Any value added service	Yes

(*): Operator do not collect VAT from its partners sending incoming trafic but pays it as part of sales of services.

Taxation of international call termination

- From the year 2010, a tax of four (4) cents USD per minute (20FCFA) has been imposed on the international traffic termination in Burkina Faso.
- Enforcement suspended for consideration of relevant studies and consultations on this matter from the regional economic communities (WAEMU and ECOWAS).

Taxation of mobile handsets import

■ Taxes as on december 2009:

➤ **WAEMU taxes**

■ Statistic tax	1%
■ Community solidarity tax	1%
■ Community tax	0.5%

➤ **National taxes**

■ Custom tax	10%
■ Intellectual property tax	10%
■ VAT	18%
■ Income tax	2%

➤ **Total** **42.5%**

Taxation of mobile handsets import (Cont.)

- Revenues from intellectual property tax represents the most important part of the annual payment of BBDA to: artists (music and audio-visual), authors, producers.
- From January 2010, the custom tax and VAT have been suppressed on the import of all type of mobile handsets and fixe line CPE.

Conclusion

- The telecommunications services and products are subject to various taxes derived from the sector specific regulations and fiscal legislation of the country.
- The level and collection mechanisms are diversely appreciated and even under serious criticism/opposition from some of the market players.



Thank you.