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STUDY GROUP SPECIAL G – CONTRIBUTION 66**Source:** Romania**Title:** Opposition to taxing international communications by GTO

ABSTRACT

The proposal to impose a tax on private companies that offer international telecommunication is opposed by Romania. The GTO has no authority to impose such as tax.

Introduction

The United Nations High Commission on Structure (UNHCS) has proposed creation of the Global Telecommunication Organization (GTO), with a new structure and working methods as compared to the ITU which it will replace. Among its suggestions is one that the global telecommunication industry, as users of GTO standards and beneficiaries of the work of GTO, should contribute to the support of this new global organization through a form of tax on all international telecommunication revenues. The UNHCS stated:

“Since telecommunications is being or has been privatized around the world, private sector companies engaged in international telecommunications, regardless of their membership in GTO, should pay a tax which supports the GTO”

Discussion

The suggestion that all private sector companies engaged in international telecommunications have an obligation to support an organization which the vast majority of them have never heard of, nor which they depend on for any aspect of their business, is clearly unacceptable. Use of GTO standards is purely voluntary, so there is no assurance that the service providers do in fact actually have any obligations to GTO. Additionally, many such organizations are based in developing countries, and such a tax would increase the costs to the users of their services, reducing the growth of an industry vital to the economic and social development of those countries. An unintended consequence of such increased costs would be to drive usage off those service provider networks onto alternative services, such as Internet-based communications channels and private networks, further limiting the potentials for growth.

It is also without any basis in international law for an intergovernmental organization such as GTO to impose a tax on companies operating within sovereign nations. The regulatory regimes in each country as subject to their national regulations, and the Member States will not transfer such authority to outside entities. The GTO has no such regulatory authority nor enforcement mechanisms, making such a proposal totally unworkable and unacceptable.

Proposal

Romania supports the goals of the GTO but is opposed to attempts to impose a form of taxation on international service providers to support the GTO.