

## The tax burden on mobile network operators in Africa

### **Abstract:**

We estimate the tax burden on the mobile telecommunication sector in twenty-five African countries. This tax burden encompasses not only standard and particular taxes under the control of the Ministry of Finance (MoF), but also fees raised by national telecommunication Regulatory Agency (RA). Given the lack of financial data at the country level, we build a representative mobile network operator, named TELCO, using the GSMA Intelligence database. We compute the Average Effective Tax Rate (AETR) for this firm considering general and special taxes and fees levied only on the telecommunication sector. We develop a web application (<https://data.cerdi.uca.fr/telecom/>), which allows the reader to replicate our analysis or to modify TELCO and tax parameters. The AETR varies significantly across countries, ranging from 33 percent in Ethiopia to 118 percent in Niger. Special taxes and fees represent a large share of the AETR illustrating some taxation by regulation and a potential tax competition (a race to the top) between the MoF and the RA. We compare the AETR of TELCO to this of a representative gold mining plant and a standard firm with similar gross return. The tax burden of the telecommunication sector is higher than this of the mining sector in 15 countries out of the 19 countries for which we have data on the gold mining sector.

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