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ITU Workshop on Fiscal Incentives to Accelerate Digital Transformation of Data and Applications Over Telecommunication Infrastructure

Session 5: International aspects, and multistakeholder Impacts of established and new fiscal instruments

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>> Recording in progress.

>> MARTIN EUCHNER: Good morning, good afternoon, good evening, Ladies and Gentlemen, dear colleagues. This is Martin Euchner from the TSB. And for this Session Number 5, I am the Moderator.

The Session 5 is about the international aspects, and multistakeholder impacts of established and new fiscal instruments.

I must say, this session was one of the more difficult ones to organize. Still not quite clear why it is like that. But there were several factors. But at least we should be happy that something survived, at least.

So, this was not the session that we had to cancel, fortunately.

We got already content yesterday in this session from BIAC, in particular, OECD, which is one of the organizations on having international aspects. And we decided to give extra room for the OECD presentation because that was deemed of particular interest to understand at least this at more depth.

It belongs together. So originally we had that in Session 5 last year, I think. But then found that the OECD thing is something separate or deserves more room.

We tried also to reach out to other organizations, but,

unfortunately, it has not worked out as far as reasons. So, that's where we are.

Let me go to the next slide. So, this is just for your information. We had, of course, when we planned Session 5 originally, scope, and some objectives, we may not meet all these objectives today. I can clearly say that. Simply because we don't have the relevant expertise on board from other organizations.

But, of course, overall objective still holds and that probably even applies to the other sessions of the workshop to one way or the other.

We need to understand the economic consequences and regulatory implications of this usage/traffic tax, if that comes in what form whatsoever. And to compare that also to other suitable fiscal instruments. For example, tax relief incentives, subsidies, and whatever alternatives, investment, innovation, cost-sharing approaches there could be.

Of course, we also consider the implications on, let's say, regulatory principles, such as net neutrality and also investigate the impact on innovation, competition and relationship with any other forms of digital taxes, including the risk of double taxation. We heard some interventions yesterday already on that.

What we also want to understand is to see if the distortions that might arise or diminish with the taxation of the OTTs, and how such taxes could or would affect the innovation within the digital ecosystem and the value chain.

Also to look into tax configuration, either on the national or on an international level, that affect the investment, either with or without collaboration with OTTs in the network infrastructure.

We want to see, of course, the long-term, short-term effects on the Telecommunication ICT market if such an OTT taxation would come into play, and also, you know, the market impacts, other economic factors, for example, as relevant to developing countries or in resource rich countries, research and development, et cetera.

These are just some of the questions overall that I think we all are interested to learn more about. And let me proceed to the next slide.

So, I am pleased at least that Session 5 has two panelists on board and on stage here next to me sitting, my colleague Mrs. Carmen Prado-Wagner, and she is senior Officer from the BDT Regulatory and Market Environment Division. And I am just briefly introducing her. But I will also briefly introduce the

next speaker, then.

So, Carman is Senior Officer on the regulatory and financial issues at the Regulatory and Market Environment Division in the ITU Development Sector. She is also the focal point for the ITU-D Study Group 1, question 4, on the economic aspects of national telecommunication ICTs.

Second speaker is Mr. Waziona Ligomeka, and he is presenting to us a presentation that has two elements in it. On one side, he is presenting the UNDESA Tax Committee. And second, he gives us also a national perspective from a lobby on this. And I am very happy that we have the two elements here together, because I think these are very important inputs into this workshop and we can, of course, make use of that.

I would say that Mr. Waziona Ligomeka is in the role of UN Tax Committee coordinator for subcommittees dealing with taxation issues.

So, without any further ado, I would like to give the floor to Mrs. Carmen Prado-Wagner to present to us her presentation. Thank you very much.

>> CARMEN PRADO-WAGNER: So good morning, good afternoon, and good evening to everyone. Just waiting the time to have my presentation on board. It's coming. Thank you.

So, today I will present the preliminary results from the ITU survey, specifically on the section of taxation of telecommunication of ICT services.

As maybe you know, we have the ITU Tariff Policies Survey. This survey tracks the latest trends in the application of national ICT regulatory and economic policies worldwide. This survey covers a wide range of information related to telecommunication services. We have costing and pricing strategies applied by the ITU national Regulatory Authorities for tax services, broadband price strategies.

>> PARTICIPANT: Taxation of ICT services, access to international internet connectivity, international roaming and much more. That's our part of the sections we have in the survey.

And the tariff data is collected annually from the national Regulatory Authorities around the world using the online protected tariff policy questionnaire. Each year the survey is adapted to reflect the rapid changing in the economic financial environment. And the survey is launched in June, every year in June. Then we validate the data and extract the data around the end of the year to publish it on the new ITU data hub by the beginning of the year.

In discussions with the ITU study group, 3 Group who works

on taxation issues, they propose us three new questions that had been included in the survey this year.

However, we are still collecting the data from countries. We are in the process yet. In fact, we are validating the data, but we are also collecting them from countries who are still late. We have received so far 101 responses from around the world. So, for today's session, as I said at the beginning, I will present preliminary data because we expect to receive at least 25% more.

It is important to say that based on our experience with surveys, the first year of data collection is very complicated, is very difficult because not all the countries respond to the full set of questions.

Compare it with the all questions of the survey, we used to have less, a less number of answers. But I think next year we will count with more better data set.

Let's start with the value-added taxes, VAT. The question here is under which category of VAT are fixed and mobile teleICT services in your coordinator. ICT services are categorized as general goods and services being taxed with the same percentages.

Nine countries reported to applied a specific high rate tax to these services for fixed and mobile. And four countries reported to consider the telecommunication and digital services as a luxury good and service.

However, something that is here is interesting, is that several countries are applying low-rate taxes for ICT services to encourage usage and adoption.

In the case of digital service taxes, DST, from 77 countries who answered to this question so far, only 16% are applying this tax. At regional level it is clear that the Arab state and CIS countries are not applying -- they reported not applying for the time being. The work on adapting member state taxation system to make them fit for the digital age is ongoing as we see yesterday, countries are still working on this.

In terms of data, one of the issue we are having is that many countries don't answer the whole set of questions. Maybe because they don't have full information about their situation or they don't have the mandate to respond. These situations, of course, complicate the analysis of the data.

But, on the other side, this information give us at least an idea of the situation and at least country that are applying these types of taxations that will be useful for us or benchmarking.

In the case of taxation of virtual currencies, here we are

referring to cryptocurrency and assets, 13% of these policies are applying these taxation policies, already 77% we have for this taxation. These taxes are mostly applied in Europe countries and in some countries in Latin America and African.

The application of fiscal incentives on telecommunication ICT services and equipment is one of the new questions that we added this year. I noted that from 101 total responses we received so far, only around 40 countries answered to this question, as I explain it at the beginning of my presentation.

Based on this, at global level we can say that the 22% of countries are applying fiscal incentives on ICT services. Some of the main incentives they reported is, for example, VAT exemption for importation of ICT devices. Other countries reported partial, total or multiyear exemption of taxes as part of the promotion of new investments in rural and isolated areas. Others are applying tax and fee exemptions on ICT so far.

Of course, as I say at the beginning, these are preliminary results by region,.

In terms of the application of the reported fiscal incentives, they address it mostly to ICT equipment, ICT software and devices. Unfortunately, we don't have information from CIS countries, Europe and the Americas for this question.

This is the last question added to the survey this year relating to the taxes applying specifically to the ICT sector. We can quickly see that the most applied taxes are spectrum license fees, corporate income taxes, and some few countries are applying excise taxes.

Most of the data and the data I presented today is already available in the new ITU data hub for 2021. The indicators for 20 will be integrated, as I say, the beginning of next year.

The data hub counts from the data with the three main ITU surveys. It means the ITU study survey, the ITU regulatory survey and the ITU tariff policies survey. The market, governance trust, and sustainability and the indicators from taxation are available on the catalog area of market indicators.

I put some of our BDT resources related to taxation that maybe can be useful for the works of the study groups.

As maybe you know, we organize it last May in the framework of the ITU economic expert roundtable. I think Sophie mentioned it during her opening remarks. And we organize the roundtable based on the regulatory, economic and fiscal incentives to accelerate digital transformation. The report is not ready yet, but why these discussions and reports are important for us, this is because we address the economic and

fiscal incentives issues from the point of view from reports forming from private sector consulting companies. They have explain it and some interested new approaches, best practices, and also some examples of countries that are really interested.

The recording is available in case you would like to hear it. I know that this afternoon we are going to have also Dr. Katz presenting about these issues so he may extend on this area.

We also -- another important area on the work and the Development Sector is regarding the economic impact of broadband digitalization and ICT regulation. To evolution Nies the data from an evidence perspective.

What is interesting here for us is the ITU report on the impact of policies, regulation and institutions on ICT performance. Because in this study we analyze the economic impact of taxes and sector specific taxes on broadband network investment and sustainability.

To finish, I would like to remind you about the statement on the taxation issues from our last GR global symposium for regulators, GSR-21 best practice guidelines. These perspectives are on a consultation practice with the regulators around the world and this point out the importance of the regulators to implement some taxes, policies, strategies to foster the digital economy and the importance of promoting tax incentives or tax deductions for new investment in infrastructure, tangible and intangible assets and remove sector specific taxes on digital services devices and equipment, if possible.

We start -- I finish my presentation, in this slide we can see some of our main products that are available in our TREG website. Thank you very much for your attention.

>> MARTIN EUCHNER: Thank you very much, Carmen, for the presentation and to give us an insight into the evaluation of the annual survey. We see at least some, let's say, material. But understand that more, you know, feedback is collected and to be, you know, put in the charts and evaluation. So, we can probably just take this as some form of preliminary situation.

We received already here some kind of questions. But I would like to park the questions until the second presentation. And then see how we can address these questions.

So, but anyway, for those of you who want to raise a question that you can discuss, please feel free to type here into the Q&A window your questions. And then we look afterwards among the panelists who can take that and have a discussion here on these kind of things.

I am pleased to introduce the next presenter, Mr. Waziona Ligomeka. He is from Malawi. And he will present to us the taxation and digitalization of the UN Tax Committee work and also the experiences of Malawi concerning taxation.

Should also say that the UNDESA is the United Nations -- the United Nations Department of Economic and Social Affairs. So, we are here talking here between two, you know, organizations of the UN family, so to say. Very happy to have him on board.

So, Mr. Waziona, the floor is yours, please.

>> WAZIONA LIGOMEKA: Yeah. Thank you very much for that introduction.

Yes, as I have been introduced, I am a member of the UN Tax Committee. And there, I coordinate the subcommittee on the digitalization of revenue authorities. But originally I am from Malawi. I work in the Minister of Finance in the urban policy division. I thought as well we can share the work that we are doing in the some committee on digitalization of revenue authorities and how that work feeds in with what this workshop is trying to achieve and how we use the recommendations and outcomes from this workshop.

And then the other part I will share the Malawi experience, how we are taxing the telecommunication industry, and how this workshop will fit into the Malawi experience.

So, to start with, the UN Tax Committee mainly is there to strengthen international cooperation on tax matters, that's both domestic and internationally, with special focus on needs and capacities of developing countries. So, the main focus is developing countries, how we can strengthen their taxation.

We do this by generating or developing guidance on tax policy, tax administrators, tax systems and things like that. And as I have mentioned, we work in subcommittees. We are about eight subcommittees. And one of the subcommittee that the UN Tax Committee has is the one on digitalization and improvement of tax administration.

The mandate of this group or this subcommittee is to consider means of improving tax administration through digitalization and other means.

I'm going to go to next slide. So the question is, why did we think we should have this subcommittee on digitalization of revenue authorities. And the main one is that countries need to raise revenues. And to raise revenues, they need to have tools to efficiently raise them. So, one plan efficient and (?) that will help to raise revenues. And we think that one of the key areas for that tax administrations should do is to ensure that they digitalize.

For most people that are from the developed countries, these maybe might be surprising, but for most countries, example, Malawi, most of the work that the tax administration does is manual. So you actually have to fill some forms, take the forms to the tax administration, submit them. Someone has to take that form, maybe take some of that information and put it in Excel and things like that. That's practically what is happening in some of the tax administration. And they are digitalized at different levels. As countries, tax administrations are digitalizing what steps they should take.

Next slide, please. So, this is what I was saying, to say -- how do we think about it, how are we going about it? What we are developing is a manual. This manual, we have processes and procedures to say when you are digitalizing, what factors should we think about, how should you go about the whole process, which laws needs to be changed and which technologies are there, out there that you need to use. So the whole work we are doing in terms of this subcommittee.

Next slide, please. So, one of the push for this also has been to, one, we have realized that most businesses are digitalizing, so the tax administrations, if they are lagging behind, the tax compliance becomes a problem. But also the COVID pandemic has pushed most tax administrations to digitalize so they reduce the interface that they have between the tax administrators and the taxpayers. Minimizing the COVID pandemic impact. These have been some of the push for the UN committee to go into this area.

Next slide, please. I think we have covered this. Sorry. Thank you. Can you go to next one?

So, how how what has been discussed in this workshop help the UN Tax Committee? What we want to see for countries, like developing countries like Malawi, we need more people to have access to digital platforms and to have cheaper, affordable services. So, this is the most important aspect. Because what will be the use of the Regulatory Authorities having a good system, a digitized system when the people there are interacting with not digitized, are not able to access these platforms? If the taxpayers or the citizens who still have to go to the revenue authority with manual documents. Then even if we digitize then we haven't done anything.

So, we think that the work that is being done to ensure that more people are connected and making the services affordable is very helpful to the work that we are doing, because it also leads to the access of the digitalization process because the end result indeed is to ease doing business and also in case

of collection, and that will be done if both the revenue authorities digitized, but also if the citizens and the taxpayers also digitized. So, we are supporting promotion use of funds and making sure that there is enough revenues and these revenues are expanded to, implemented to improve the platforms and their affordability. So, we are very grateful to this work and we in full support.

So, now maybe we can talk a bit more about the Malawi experience. So next slide, please. So, thinking of the digitalization, I thought we should give an example of the Malawi. So, Malawi is a country with 20 million, about 20 million people, least developed country and economy is based on agricultural sector. One of the challenges is successes to telecommunications infrastructure. One of the biggest connectivity challenges is that most of the population live in rural or remote communities. This is where I was saying these people are not connected. How do we make sure that we have enough information that we can also, these people they are compliant if they are in business but living in rural or remote areas, they are able to interact with the revenue authorities who depend on the support that the ITU is providing.

So, there's a need to extend ICT connectivity to the unconnected and underserved and rural and remote communities. For that, we think that it will help and it's not an issue of just maybe financial conclusion, but also this aspect of taxation.

And next slide, please. So, in terms of taxation, the presentation that we just had has indicated some of the taxes that most of the countries in Africa have. And I think we are not far off from that aspect. That communication industry, we have excise tax on airtime as well as data of 10%. We have a value-added tax, VAT, on data services at 16.5%. We have corporate tax, this is a tax on corporations at 30%. And the regulator levy, the operators in this sector, they are .3.5% to the regulator. It's quite much. 3.5% of the turnover.

And then we have spectrum fee to fixed rate. And then we have import taxes. These are taxes that are paid generally, if it's on machinery, for most of the infrastructure, these come in without duty. They are exempt. But for some products, like say, there is duty, excise and VAT. So, generally this is the structure of the taxes that the company in the telecommunication industry would be facing.

Finally, as we are thinking of the incentives, the taxation of the sector with an aim of improving the provision of the digital services and one of the things that, the incentives that

we talk about is that maybe we should remove this tax or reduce this tax. I thought as that discussion is going on, we should also ask a question, at what extent are taxes available to accessible and affordable digital platforms services in different countries. You will find if you do a survey at one time, doing business report and you report the factors that are limiting or that are limiting investments in individual sectors, from that, if we did that for the telecommunication industry, to what number would the tax come in?

So, as we are thinking of reducing taxes, we should also have this question, to what extent is it a barrier and should we, maybe the focus be on removing taxes or giving incentives or maybe there's also another area that we should focus on to encourage this investment. I thought I should leave the team, the workshop with this question as well.

I thank you for your attention. Sorry I have left you with that question, mainly because you know I'm from the Minister of Finance and our main aim is to correct (?), so I guess you can see that way it is coming from. But I thank you. I thank you, Chair.

>> MARTIN EUCHNER: Thank you very much, Waziona, for your presentation. I think we heard two presentations, one is the survey, looking at the global level. And we have some indicators here that show also the taxation element in that. Of course, I should say the survey has many more elements in it that have nothing to do with this taxation specifically. So, it's not in scope of this workshop in particular.

But still, we see some pictures from these charts that Carmen presented. And we also experience from Malawi in particular about the taxation in the country and see, you know, a set of elements dealing with taxation for telecommunication products, services, et cetera.

Before we go into the broader discussion, maybe first opportunity is to see whether the panelists have a question to each other. Is that the case? No. Okay.

So, we got -- we received two questions online and still not too late to raise maybe one or two more. We run a little bit over time because we started late. So, we probably have maybe 10, maximum of 15 minutes more if we want for discussion.

So, I take the first question here coming from Pakistan remotely. And they ask, and I am waiting that. Since many regulators do not have mandate of tax rationalization and can only recommend to the national tax authorities, is there any possibly or consideration at UNDESA or ITU that national tax authorities may be sensitized on taxing digital services and

impacts on digitalization.

>> I am giving that question, perhaps, to both panelists, because I see questions addressed to both of them. And who wants to be the first to respond?

>> WAZIONA LIGOMEKA: I can start.

>> MARTIN EUCHNER: Yes, please.

>> WAZIONA LIGOMEKA: Yes. Thank you very much. And that's a very good question. So, most your regulators and regulators needs, they don't say tax authorities. And tax authorities is being state by the Minister of Finance possibly in consultation with the revenue authorities. So, the work that the UN Tax Committee does, especially on our part on the digitalization of revenue authorities and fortunately we wouldn't -- I don't see how we will recommend to different countries or have a guidance on rates and things like that, because it doesn't really go specific to that.

But I see a potential to do a research and then providing country experience to say the digitalization, this is how the telecommunication industry is taxed in this area, in this country, and this is how developed the sector is.

And then from that, I think member states can draw their own conclusion on how they want to factor that into their own country, how they tax the sector.

So, from the digitalization subcommittee, I think it's something that we will discuss and maybe we could provide a short survey in terms of showing what -- how countries are taxing this industry, different countries, and what impact that is having. I think that's as much as we could do, rather than providing proper guidance.

For the proper guidance, my advice would be make a proposal as the regulator to the Minister of Finance directly so your Minister of Finance then can make their own research and recommend whether some rates needed to be removed and incentives that need to be put to promote the sector. So, directly, I would say make that proposal to your Minister of Finance and that is much faster. But as UN Tax Committee, we will -- I see a possibility of doing a survey and providing what is happening in different countries, member countries and how that is impacting their digitalization process. Thank you, Chair. Thank you for that question.

>> MARTIN EUCHNER: Thank you very much. Carmen, anything to add to that?

>> CARMEN PRADO-WAGNER: Yes, please. I can say we don't have a specific recommendations on taxation. However, we have studies, as I show you in one of the last slides I presented,

and in this studies, we always recommend to work together with the other sectors and especially with the ministry of finance in the development of the taxation policy of the national taxation policy and specifically for the digital services.

In the framework also of the ITU-D study group 1, question 4 on economic issues, national economic issues, there is also this type of recommendation, but is not in the sense, like, in Study Group 3 where you have a specific recommendations. We have our final study with guidance and in this guidance we recommend countries to work together with the Minister of Finance.

And I don't know, Martin, if you would like also to add on the recommendation from the plenipotentiary, which also national authorities to take care of taxation issues or -- it's 44. I don't remember the number. Sorry. I am mixing. That is the material we have. In fact, we don't -- the BDT, we don't have specific mandate on taxation issues. So we are working that more in the sense of research on learning more and having information. Thank you.

>> MARTIN EUCHNER: Thank you very much for this answer. So, indeed, the what we see and perhaps this SD opportunity at this workshop to establish a connection at the ITU and UNDESA because I heard that they want also to conduct some research and perhaps as part of their research, the findings from this BDT survey could be helpful. That's at least something what I can imagine. So, unless that is already known and taken into account. But that's, perhaps, a finding from this workshop that, you know, other organizations have also material and that can be at least looked at and, perhaps, there are more elements that UNDESA may, you know, develop in their own survey specifically on the taxation also. We don't know yet. But at least there is some resource here available. And please look at that.

Which takes me to the next -- is there some further comment? Yes, please. Because I wanted to --

>> INDIA: thank you, Chair. I would like to add, yes, maybe there is material. Maybe UNDESA is also working on it. And globally, I think even tax authorities and finance ministries discuss this issue, like in G20 something will be discussed.

But I represent policymaker, I represent India and, of course, for quite long I was with the regulator. As ITU pointed out we are common and maybe by the wazona. It is important for all of us to work. Because, say, it's not easy, it's not -- there is no easy recommendation, even if it comes as an IT recommendation or UN resolution, ultimately within our

countries we will have to go and play that kind of role.

So, after this workshop, maybe the members and policymakers and regulators can maybe organize seminars and workshops of stakeholders in their countries. They can take it up as very aptly suggested.

So, there is a lot to work. And, perhaps, in this one can take care of the other stakeholders, telecom services, content providers, and I think the policymakers and regulators in the country can play that role where they put everybody together on one platform with tax authorities. And it is eventually up to them to go and recommend and persuade their administrations to reduce the tax rates and maybe balance and maybe they have to go and argue that, okay, how -- you can present the material. But then ultimate argument has to be given by you. That's all. Thank you.

>> MARTIN EUCHNER: Thank you very much for this comment.

I see maybe follow-up comment from Pakistan on our discussion. And they say, thank you, but the issue is that tax authorities and Minister of Finance do not have enough technical capacity to assess and rationalize digital services tax and it is difficult, or, rather, impossible to convince them as the ICT sector is easiest to tax.

So, it shows, you know, I think, a typical dilemma, I must say, that, you know, the agencies are facing. Yes, there is desire to do something, but not exactly clear how to do things and what is the best way of doing it and what's things better to avoid. I think we are just learning all of that, seeing all the discussion also from yesterday, where there were a lot of technical elements in it, you know.

So, you know, we have here people from the tax sector. And then they are confronted here with the ICT, the internet and all these kind of things. And, well, these people probably were not trained to understand how the internet functions and how to keep the system alive and what the impacts are.

So, these are quite important, you know, cross-cutting issues across here, telecom sector and finance sector and taxation sector and, you know, agencies that are involved and busy in these domains. And we see probably the need that to share information at least, share expertise, build capacities, such that these very ambitious and complicated tasks can be handled in the end. I think that is something that I see here. And this needs -- this dialogue needs to start from both sides, so to say. So, we need to go out, that's probably what we did here with our workshop, from our side.

And of course the other sides on the financial matter,

fiscal incentives, fiscal measures, probably invite us when it's proper or suitable, that we the expertise from telecommunication and ICTs. Perhaps that is kind of a way forward also, overall, not just for this session, but maybe we can take that on board for the entire workshop, to see how we can go in that direction.

I see maybe a last question before we close, because I don't want to eat up your lunchtime here too much. The final question here from Nigeria. And I am reading that. Telecom regulators are faced with OTT challenges in recovering tax/revenues from such services. How can this be addressed in categorizing applications to person, the A2P, SMS as international application to person, A2P SMS as this service is the revenue streams to government from such services but most regulators are unable to recover these revenues from digital services.

I understand this is about the SMS service, basically, of course in the past at least in the past many revenue generated through SMS through the telecoms but now the OTT offering these competitive services to the SMS, these revenues are shrinking or disappearing completely and what does that mean, how can that be, let's say, mitigated. So, that is a question I think overall.

Not sure if there's anybody who wants to comment on that. I'm looking at the moderators first, but maybe we can open this discussion broadly to the audience and then see if there are any ideas or experiences, what has been done to address this problem, which is not new. This is an ongoing problem. We are aware of that. And the SMS is a typical example in the telecom sector where services in the classical, you know, telecom domain see counter elements, new approaches in the, let's say, internet services space.

So, I see India raising the floor. I can't see who else wants to speak. I give the floor first to India.

>> INDIA: Thank you, Chair. I would like to say if we are in a sector such a disruption is going to be there and we have to face, unfortunately. We had pagers earlier. Now they have disappeared. We had telegraph, and I think in many countries telegraph circuits must be still lying, embodied in the ground. A lot of investment has been done there also.

So, things will change. And this was a problem before us also where our operators were demanding that we must intervene and maybe mandate something in India. But we said, no, it cannot be done. It should not be done. Because if there is a service, if it is, say, more, I would say useful to the consumer and we have to look at that end. So, we didn't intervene.

But then one thing has happened in India is that with the digital financial services, SMS has come with another application where two-factor authentication, SMS is being used. So, SMS revenues are there. They have (?) years but operators have also understood that ultimately they will have to move over. So, that kind of demand has diminished. And yes, I understand. Other kind of charge coming on OTTs, this will come so initially DSBs talk and they resist and they insist that you impose some kind of restrictions. But that is, I think, counterproductive. And we will have to evolve and we will have to take that with a pinch of salt and change ourselves.

I would suggest -- I mean, I would give another example. Before 2015, India was predominantly 2G. On 2G technologies. So, and then we got a plan which came with 4G technology with why SLT. And then the existing operators came and they said, look, our revenues are going and this percent is all going to (?) free. You put a rate, a rate at which the call should be charged. He should not be allowed to give free. So it was all data for the new technology plan.

So, there was a lot of pressure on us from all sorts of, say, I would say politicians would come, income operators came. And then ultimately finally after a lot of consultation and what was happening in other countries, we decided, look, we are not going to intervene this way. And if somebody is bringing new technology, let him. So, there was a big disruption in India and people did see that telecom sector will collapse.

But one thing happened very quickly, was that the other operators switched on to 4G, and now not only 4G, they are very quickly trying to migrate to 5G also. So, it has brought in another push. Yes, there will be disruption in the market in terms of services, in terms of products.

So, but then it will go away sometimes, like, say, we have in financial inclusion, we have SMS being used. There are cell services which are -- they are using certain things, certain technologies, which are based on CCS7 signaling. The one 4G technology comes, that will go away and people will be using other applications.

So, this is the thing which we will have to see and we will have to adapt and we will have to change. And as they say that if you don't adapt it, it will be difficult for the service provider to exist. And regulators and policymakers in our opinion, and India it has been that, we should not be intervening too much because more you intervene, you create distortions in the economy and growth of the market and technology. Thank you.

>> MARTIN EUCHNER: Thank you very much for this

elaboration. So indeed, you know, this is, I think, one of the ongoing challenges in our sector, you know, that technology push, which is happening faster and faster, I would say, every day, of course leads to the necessity of change. You know we don't work with mostly telegraphs anymore these days, even that was very much like 200 years ago.

So, yes, there is always the need to innovate. That is clear. And we heard, you know, the risk, you know, to enforce too many or too strong regulations in the field that is just very much evolving. That is to be handled with great care, would I say at least. Sometimes there is necessity because things are new and you can't pull from the past. You know, there are new challenges legallywise that need to be addressed that we have not foreseen or do not exist. Maybe there is a need to at least have some frameworks or so.

But, otherwise, yes, this is something that needs to have good review and good consideration.

I saw hands up somewhere. Maybe you say your name and your organization where you are from. But I would like to, let's say, finish in the next two or three, five minutes or so, because we are already over time. But it's an interesting discussion. Thank you very much.

>> Thank you very much. This is Tyler crow on behalf of the United States.

Just wanted to support the intervention made by our colleague from the government of India, which notes the fact that in some sense, a lot of the disruption that we have seen in the ICT and telecommunications sector has helped more people to access the services that they need.

There is a term that I like to use in English a lot that is don't let the perfect be the enemy of the good, and I think that despite the fact that this type of disruption has been painful, in some sense ultimately it has worked out for a good result for many people who have never been online before.

And one other takeaway that at least I have observed from the conversations that have taken place today and yesterday, which is the sheer challenge that many governments have in collecting tax revenues, period, whether that's from individuals, from corporations, from specific sectors, from ports, customs authorities, all the ways that governments gather revenue. So, for that reason I'm very careful to our colleagues here today from this session to shed some more light as to how governments might be able to use these more accessible digital technologies and greater connectivity in their countries to assist in shoring up their tax revenues.

Thank you very much.

>> MARTIN EUCHNER: Thank you, United States, for the comments.

So, I think we see there's a lot more to do. We can't solve the problem today or tomorrow.

With that, I think I just give some feedback here. In Nigeria, thanks for the explanation from India, for the experience, and they want to contact you offline, I think.

And I think what else do we have? There could be another comment here. Maybe it's gone.

So, Ladies and Gentlemen, I thank you very much for this session today, in particular my two panelists, Mr. Wazona from UN Tax Committee and Carmen Prado from the BDT, for their inputs and also the audience for the comments.

And with that, I thank you. And close Session 5. We reconvene the workshop after the lunch break at 2:30. So, we give you a little bit more time than yesterday to enjoy your food or have a break until we reconvene. Thank you very much and see you back at 2:30 local time here in Geneva.

>> Recording stopped.

(Session was concluded at 12:30 p.m. CET)

(Lunch Break)

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