PROPOSED COMMUNICATION SERVICE TAX

CURRENTLY

13%[1] of Nigerians get broadband access via mobile

The main access point to internet in Nigeria is mobile

30% Nigeria aims to achieve 30% broadband penetration by Dec. 2017

14% The estimated broadband penetration in Nigeria currently

84m The total current Internet users in Nigeria

which is about **3.8 %** of World Internet Users

COST ANALYSIS

One of the main reasons why Internet use is restrained in Nigeria is because of the high cost of data.

$ 2,970[2] the average income in 2014

40% of the population actually earned less than half that amount

but

5.4%[3] the amount (as a % of monthly income)the average Nigerian spends for just 500MB of data

7-18% Portion of monthly income the majority of Nigerians spend on 500MB data plan.

CURRENT MOBILE SECTOR TAX-REGIME IN NIGERIA

26 Total number of taxes applicable to the mobile sector.

$850m Amount mobile operators paid in taxes & regulatory fees to the government in 2014, compared to$760m in 2013.

- Duties on imported equipment
- Taxes on profits
- Environmental taxes
- Regulatory fees

5% Value-added tax (VAT)

35% Special Levy

20% SIM cards

12% Handsets

#NoToCommServiceTax

NIGERIA COALITION
A4AI ALLIANCE FOR AFFORDABLE INTERNET

Sources

1.ITU2015, & GSMAIntelligence 2016

2.World Bank

3.ITU 2015, A4AI s 2015/16 Affordability Report

www.a4ai.org

PROPOSED COMMUNICATION SERVICE TAX

9%[4]

Proposed new charge for use of communication services

→ Higher cost of operation

→ Higher prices for the final consumer

Potential Impact of the CST

80% of Nigerians, a total of 144m, can afford Nigeria's cheapest 1GB plan

CST →

the number that can afford the 1GB plan drops to 126M Nigerians or **70%**

currently, only **20%** of Nigerians can afford the 1.5GB Data Package which is about 36m people

CST →

only **10%** Nigerians will be able to afford the 1.5GB Data plan, an equivalent of 18m people

RECOMMENDATIONS

CST

Do not introduce the tax OR consider a lower tax rate

The CST will make internet un-affordable for millions of Nigerians.
We urge the National Assembly to reconsider passage of the CST.

Balanced fiscal policy that considers affordability of mobile broadband

#NoToCommServiceTax

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Sources

4. Section 4 of Response of the Alliance for Affordable Internet (A4AI)-Nigeria Coalition to the proposed Communication Service Tax

www.a4ai.org