

**PRESS BRIEFING BY THE EXECUTIVE COMMISSIONER (STAKEHOLDER MANAGEMENT)
MR. OKECHUKWU ITANYI OF THE NIGERIAN COMMUNICATIONS COMMISSION ON
RECENT CASES OF MULTIPLE TAXATIONS AND ITS DANGERS TO THE GROWING
TELECOMS INDUSTRY HELD AT THE GOLDEN GATE RESTURANT MARCH 15, 2012**

1. PROTOCOLS

- 1) Captains of Industry
- 2) Members of industry Associations,
- 3) IWG Members,
- 4) Gentlemen of the Press,
- 5) Distinguished ladies and gentlemen

2. ADDRESS

It is with great pleasure that I welcome you to this media briefing on the current challenges faced by the telecommunications industry especially with respect to the recent cases of multiple taxations by various states, local governments and their agents.

Kindly recall that an Industry Working Group on Multiple Taxation was inaugurated on the 19th of January, this year. This group is comprised of members drawn from the NCC and all Telecom Operators. However, before I proceed further, please permit me to briefly reflect on the gains of the telecoms industry in the last couple of years, which has become a reference point and a beacon of hope that Nigeria would succeed in the other sectors given the enabling environment and support from all stakeholders.

We cannot over-emphasis that Nigeria has made significant progress in the provision of telecommunication services over the last ten (10) years. Access to telephone has moved from a social status symbol to an essential communication and business tool owned by both the ‘poor” and the ‘rich” in almost all the nook and crannies of the country. This progress has naturally placed a burden on the operators to ensure access and guarantee an acceptable quality of service through the deployment of critical telecommunication infrastructure in Nigeria.

However, recent developments in the industry with regards to various spurious taxes and levies by the state, local governments and their agents,

portend grave dangers for this sector. For the avoidance of doubt, please permit me to cite some recent cases on this issue:

(a) Abia State:

1. Infrastructural Development Fund Board demanding N19, 000,000.00 (Nineteen Million Naira) from Airtel as infrastructural development levy.
2. Abia State Environmental Protection Agency/ Yagazie Nigeria Limited, N300, 000.00 (Three Hundred Thousand Naira) per new site for Environmental Support Fee and EIA Registration.
3. Abia State Town Planning Authority, N650,000.00 (Six Hundred and Fifty Thousand Naira) per site as permit/processing fees

(b) Imo State:

1. Imo State Environmental Transformation Commission (ENTRACO) demand notice to Airtel to pay the sum of N262.4 Million for Pest/Vector Controls fee and Fumigation Charges for the year 2008 – 2011
2. Imo State Town Planning Authority, N720.000.00 per site as permit fees

(c) Anambra State

1. Anambra State Ministry of Environment, N500,000.00 per site as EIA fees
2. Anambra State Signage and Advert Agency demand notice of N4,500,000 to Etisalat for BTS as Outdoor Advertising

(d) Cross River State

1. Cross River State Internal Revenue Service demand notice for the payment of the sum N510, 000,000.00 (Five Hundred and Ten Million Naira) purportedly for the amount of cell site revenue due to the state (2005 – 2010).

2. Cross River State Town Planning Authority, N1.2 Million per site as planning fee

(e) Edo State

1. Egor Local Government Council, demand notice for the payment of the sum of **N24.750,000.00** (for 11 BTS Sites) as tenement rate
2. Oredo Local Government, N16,250,000.00 as operational/Inspection fees for 5 BTS sites
3. Edo State Town Planning Authority, N750,000.00 permit fee per site
4. Edo State Ministry of Commerce, N650,000.00 Business Premises fee per BTS site

(f) Bayelsa State

1. Bayelsa State Ministry of Environment/Denjef Nigeria Limited N3,000,000.00 for Effluent Discharge and Turbidity Levy.
2. Yenogoa City Local Govt. Council N1,050,000 for Operational permit, sewage, signpost/advert fee, Local Government Support Levy
3. Kolokuma/Opokuma LGC, N1,000,000.00 for Operational permit, Development Levy, LGA Sanitation and LGS Support Levy

(g) Delta State

1. Delta State Ministry of Environment, demand notice to Airtel for the payment of the sum of N276,000,000.00 as Ecological Tariff

(h) Ondo State

1. Ondo State Signage and Advertisement Agency demand notice to Airtel for the payment of N34 Million as signage /outdoor fee for BTS; N12,350,000.00 to Etisalat and N1,750,000.00 TO Helios Towers
2. Ondo State Town Planning Authority, N750,000.00 as permit fee per site

(i) Bauchi State

1. Bauchi State Signage and Advertising Management Agency demand notice to Airtel for the payment of N755 Million as signage, branding and advert levy

(j) Kaduna State

1. Kaduna State Urban Planning and Development Authority demand notice of N7,680,000.00 to Airtel for development/planning permit approval

(k) Plateau State

1. Jos Metropolitan Development Board demand notice of N18,720,000.00 to Etisalat as permit fees for the renewal of base stations

(l) Katsina State

1. Katsina State Urban Development Authority, N755,000.00 as Building permit and EIA fee

(m) FCT (Abuja)

1. Abuja Municipal Management Council demand notice to MTN for the payment of over N257 Million as annual charge for their sites in the FCT

The above mentioned examples of some of these taxes and levies, which are devoid of any legal backing, are just a few out of an unbelievable list of such anomalies.

It should be clearly stated that telecom companies pay the statutory Corporate Income Tax, Value Added Tax (VAT), Import Duties on Telecom equipment; Annual Operating Levy and also noteworthy is the fact that the state and local governments are the beneficiaries of some of these taxes and levies.

It is equally interesting to note that all matters relating to post, telegraph and telephones are on item 46 of the Exclusive Legislative List of the Constitution of the Federal Republic of Nigeria 1999 and consequently, outside the jurisdiction of any state, local government or metropolitan council.

The issue of multiple taxations portends a grave danger for the telecom industry if not quickly addressed. The country may lose the gains and confidence achieved so far in the last couple of years. The industry still requires investments in network infrastructure to ensure full access across the country, and to guarantee good and acceptable quality of service which has become a major challenge. The base stations which the state and local governments are eager to tax are part of the necessary infrastructure required for network transmission and coverage. These infrastructures can be likened to the Power Holding Company of Nigeria transformers and power lines which brings electricity to our various homes. It is therefore worrisome that telecom facilities should be subjected to this form of injustice. If this issue is not properly addressed, it would certainly lead to dire consequences and some these are:

- Poor Quality of Service as a result of the following:
 - 1) Lack of expansion and proper maintenance of infrastructure instigated by high operating costs.
 - 2) Congestion of other networks if one is shut down.
 - 3) Staff cuts and lay off which will inadvertently lead to a low service culture by the operators, and increased unemployment in the country

Other outcomes include:

- Loss of revenue for government in terms of taxes which can be legally obtained and the lack of business generated by the operators during the time of the lock up.
- Negative impact on the overall socio-economic growth of the nation, economic distress and closure of businesses.
- Security implications for the state and citizens, because of lack of communication in cases of crime or other such emergencies
- Possible destruction or sabotage of the operating equipment during the period of lock up.

It is therefore the intention of the group to use this platform to demonstrate how imperative it has become that the collection of these illegal taxes and levies be

stopped with immediate effect. We seize this opportunity to also call on all stakeholders to support the realization of the objectives of the IWG on Multiple Taxation. Specifically, it is our wish that the following will quickly be done:

- National Assembly and State Houses of Assembly with the support of Governors of the various states initiate laws that would recognize Telecom equipments as Critical National Infrastructure.
- The Federal Inland Revenue Service (FIRS) and the Joint Tax Board (JTB) to urgently address this issue by calling the states, local governments and their agents to order. We also urge the JTB to take urgent steps to define and publish areas of jurisdiction of the Federal Government and the States with respect to issues bordering on collection of taxes and levies.

It is our belief that these actions would invariably, to a large extent, curb this plague and boost the industry to even greater heights. The Telecom Industry is the rank amongst the top three sectors with the highest employment ratio in the country. The decline is therefore unimaginable and must be avoided at all costs.

Thank you.