

Communications Service Tax (Amendment) Bill

ARRANGEMENT OF SECTIONS

Section

1. Section 1 of Act 754 amended
2. Section 2 of Act 754 amended
3. Section 6 of Act 754 amended
4. Section 8 of Act 754 amended
5. Section 11 of Act 754 amended
6. Section 12 of Act 754 amended
7. Section 14 of Act 754 amended
8. Section 16 of Act 754 amended

SCHEDULE

Communications Service Tax (Amendment) Bill

A

BILL

ENTITLED

COMMUNICATIONS SERVICE TAX (AMENDMENT) ACT, 2013

AN ACT to amend the Communications Service Tax Act, 2008 (Act 754) to clarify the scope and coverage of the tax and to provide for related matters.

PASSED by Parliament and assented to by the President:

Section 1 of Act 754 amended

1. The Communications Service Tax Act, 2008 (Act 754) referred to in this Act as the Principal Enactment is amended by the substitution for section 1 of

Imposition of communications service tax

1. (1) There is imposed by this Act a tax to be known as Communication Service Tax to be levied on charges payable by a user of an electronic communications service other than private electronic communication services.
- (2) The tax shall be levied on
 - (a) electronic communications service supplied by service providers; and

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(b) charges payable on electronic communication service received by users from sources outside this country.

(3) For the purpose of this section, the supply of any form of recharges shall be considered as a charge for usage of electronic communication service."

Section 2 of Act 754 amended

2. The Principal Enactment is amended by the substitution for section 2 of

"Persons liable to pay the tax

2. (1) Subject to subsection (2), the tax shall be paid together with the electronic communications service charge payable to the service provider by the user of the service.
- (2) In the case of electronic communications service received from a source outside this country, the tax shall be paid to the Commissioner-General by the user who received the service.
- (3) The tax is due and payable on any supply of electronic communication service within the time period specified under subsection (5) of section 6 whether or not the person making the supply is permitted or authorised under the Electronic Communications Act 2008, (Act 775) and Electronic Communications Regulation, 2011 (L.I.1991) to provide electronic communications services".

Section 6 of Act 754 amended

3. The Principal Enactment is amended in subsection (1) of section 6 by the substitution for "communications service provider" of "service provider".

Section 8 of Act 754 amended

4. The Principal Enactment is amended in section 8 by the substitution for subsection (2) of

"(2) An amount shown as the tax on a bill or invoice for electronic communications service usage is recoverable as tax from the person who issues the bill or invoice whether or not

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- (a) tax is chargeable on the electronic communications service usage, or
- (b) the person who issues the bill or invoice is a person authorised to provide electronic communications service under the Electronic Communications Act, 2008 (Act 775)."

Section 11 of Act 754 amended

5. The Principal Enactment is amended by the substitution for section 11 of

"Application of Act 546 to the tax

11. Sections 29 and 30 and Part XII of the Value Added Tax Act, 1998 (Act 546) apply to the management of the tax with the necessary modifications."

Section 12 of Act 754 amended

6. The Principal Enactment is amended by the substitution for section 12 of

"Objections and appeals

12. Sections 54 and 55 of the Value Added Tax Act, 1998 (Act 546) apply in matters of objections and appeals related to the tax."

Section 14 of Act 754 amended

7. The Principal Enactment is amended in section 14 by the substitution for "communications service providers" appearing in subsection (4) of "service providers".

Section 16 of Act 754 amended

8. The Principal Enactment is amended in section 16

(a) by the substitution for the interpretation of

- (i) "charge for communications service usage" of "charge for electronic communications service usage" means

(a) the amount chargeable by a service provider for electronic communications service usage other than the amount for Value Added Tax and the National Health Insurance Levy;

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- (b) where the charge for electronic communications service usage is for money consideration, the amount of the consideration but excluding the amount of Value Added Tax and the National Health Insurance Levy;
 - (c) where the charge for electronic communications service usage is partly for money consideration, the open market value excluding the Value Added Tax and the National Health Insurance Levy; and
 - (d) in the case of promotion, protocol, personal use, bonus, gift and similar supplies, the charge shall be the open market value excluding Value Added Tax and the National Health Insurance Levy”;
 - (ii) “Communication service” of ““electronic communications service” includes a service providing electronic communications, a closed user group service, a private electronic communications service, a public electronic communications service, a radio communication service and a value added service”;
 - and
 - (ii) “service provider” of
““service provider” means a person permitted or authorized under the Electronic Communications Act, 2008 (Act 775) and Electronic Communications Regulation, 2011 (L.I.1991) to provide electronic communications service.”
- (b) by the insertion
- (i) after the interpretation of “charge for communications service usage” of
““closed user group service” means electronic communications service, used by a closed user group, operated without interconnection to a public electronic communications network enabling electronic communications to persons other than the members of that group”;

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- (ii) after the interpretation of “Commissioner” of
““Commissioner-General” means the person appointed under section 13 of the Ghana Revenue Authority Act, 2009 (Act 791);”
- (iii) after the interpretation of “Court” of
““electronic communications” means any communication through the use of wire, radio optical or electromagnetic transmission emission or receiving system or any part of these and includes interconnection”;
“electronic communications network” means any wire, radio, optical or electromagnetic transmission, emission or receiving system, or any part of these, used for the provision of electronic communications service; and
“interconnection” means the linking of public electronic communications networks and services to allow the users of one public electronic communications service to communicate with users of another public electronic communications service”;
- (iv) after the interpretation of “Minister” of
““open market value” means the value of a supply of electronic communication service determined under paragraph (a) of the interpretation of “charge payable for electronic communications service usage” if the supplier, user or any other person concerned in the transaction were completely independent of each other and did not in any way influence the transaction”;
- (v) after the interpretation of “prescribed” of
““private electronic communications service” means electronic communications service used within one enterprise or any body corporate with which it is affiliated, to satisfy its internal needs and

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operated without interconnection to a public electronic communications network that enables electronic communications to persons other than within the enterprise or the body corporate; and

“recharges” includes any plan, scheme or form by which users receive additional electronic communications services from service providers”;

(vi) after the interpretation of “service” of
““supply” means any means by which a user receives electronic communications services from a service provider”; and

(vii) after the interpretation of “tax period” of
““user” means a customer or a subscriber of electronic communications network or service or broadcasting service and includes a customer that is an operator or provider of electronic communications network or service; and

“value added service” includes a service that combines applications provided to users with telecommunications, but does not include any public electronic communications service.”.

Date of *Gazette* notification: 26th June, 2013.

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MEMORANDUM

The object of the Bill is to clarify the scope and coverage of the tax and to explicitly include interconnection services within the tax base.

The Communications Service Tax was introduced in 2008 at a rate of 6% of the charge for communications service usage. The tax was intended as an excise tax to raise additional revenue from communications services rendered by mobile operators to their customers and to each other when dealing with calls from customers. The rate of 6% was carefully arrived at in order to remove the cascading nature of the tax as regards interconnection services. In the process of implementation, issues have been raised by the telecommunications companies on the clarity of the law in respect of the application of the tax to interconnection services.

Clause 1 amends section 1 of the Communications Service Tax Act, 2008 (Act 754) to impose a tax to be known as the Communications Service Tax. The tax is to be levied on electronic communications service supplied by service providers and charges payable on electronic communication service received by users from sources outside this country.

Clause 2 amends section 2 of Act 754 to provide for the tax to be paid together with the electronic communications service charge payable to the service provider by the user of the service. Where the service is received from a source outside this country, the tax is to be paid by the user who received the service.

The *clause* also clarifies the period within which a tax under the Act becomes due. Tax is due and payable within the time specified in the Bill and it is immaterial if the person making the supply is not permitted or authorised under the Electronic Communications Act, 2008 (Act 775) and Electronic Communications Regulations, 2011 (L.I.1991) to provide electronic communications services. "Communications service provider" in section 6 is substituted for "service provider", *clause 3*.

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Clause 4 amends section 8 of Act 754 to provide for the recovery as a tax from the person who issues a bill or invoice of the amount shown as a tax. This is irrespective of whether or not the tax is chargeable on the electronic communications service usage or the person is authorised to provide electronic communications service under the electronic communications service Act, 2008 (Act 775). Moreover, *clause 5* amends section 11 to provide for the application of some provisions of the Value Added Tax Act, 1998 (Act 546) with the necessary modifications to the management of the tax.

Clause 6 amends section 12 of Act 754 by restricting the provision to sections 54 and 55 of the Value Added Tax, 1998 (Act 546) and *clause 7* amends section 14 by the substitution for “communication service provider” of “service provider”.

Clause 8 amends section 16, the interpretation section of the Act to provide for new definitions. The new definitions include “charge for communications service usage”, “charge for electronic communications service usage” and “Communication service”.

SETH E. TERKPER
Minister responsible for Finance

Date: *26th June, 2013.*