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**Telecommunication Regulatory Authority of India**

**RATIONALIZATION OF TAX STRUCTURE IN TELECOMMUNICATION**

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India

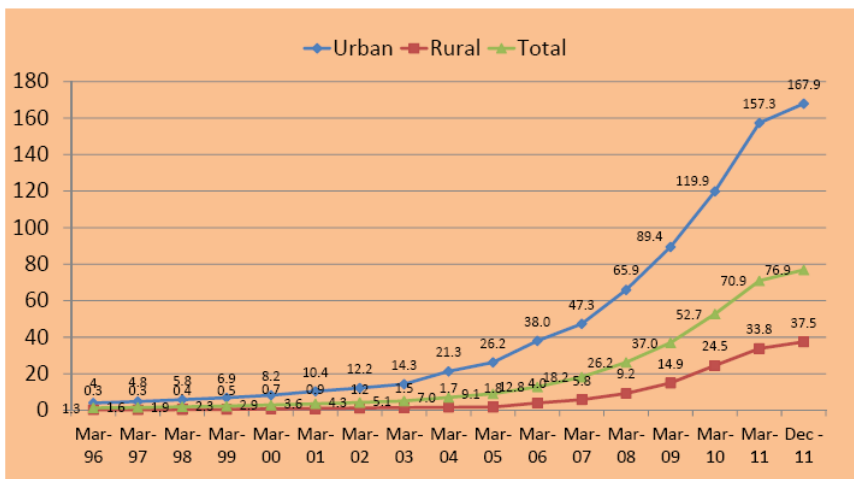
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# Rationalization of Tax Structure in Telecommunications

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1

## Rural – Urban Divide

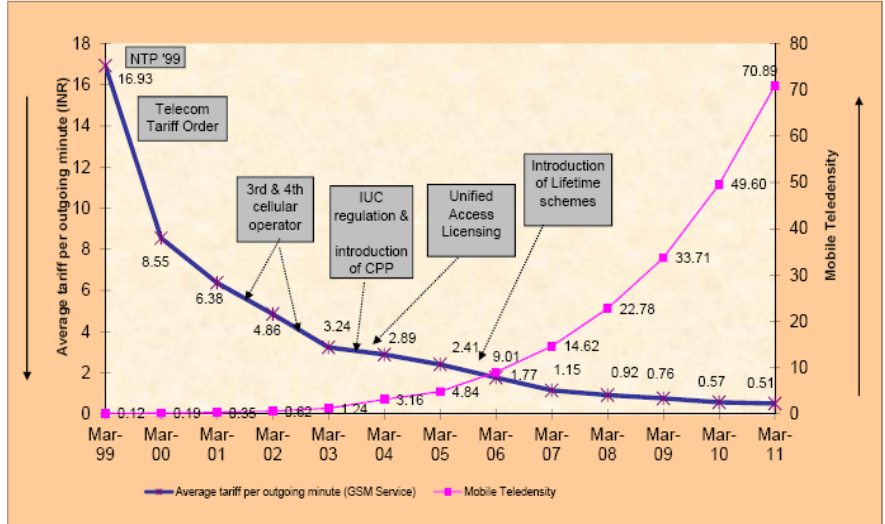


**70% of the population of India belongs to rural areas and rural teledensity is only 37.5% as of December 2011**

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2

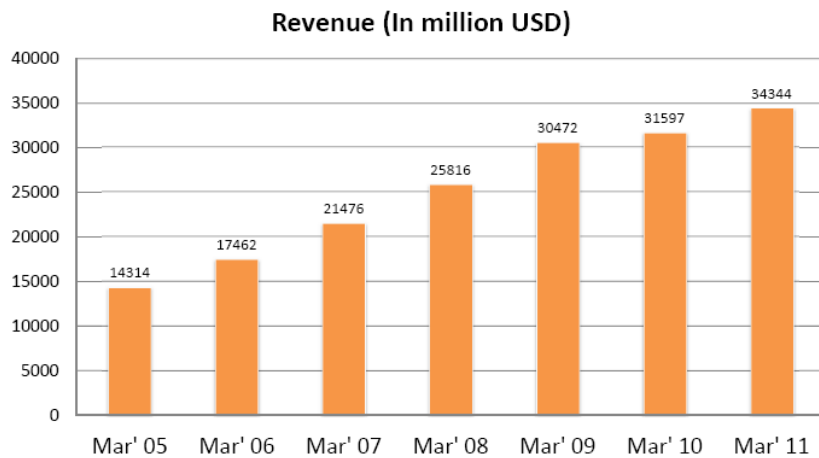
### Subscriber growth and tariff



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3

### Revenue of Telecom Service Providers



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4

## Taxes on Telecom Services in India

Central Government Taxes	
Levy	% of Revenue
Licence Fees	7-9%
Spectrum Charges	3-8%
USOF	5% (included in licence fee)
Service Tax, GST/VAT	12.36%
<b>Total</b>	<b>22% to 29%</b>

State Government Taxes	
Right of Way charges	Tax on Towers
Entry Tax	Property Tax
Octroi on capital goods	Electricity duty on power consumption
Excise Duty	Stamp duty

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5

## Taxes in other countries

Taxes (as % of revenue)	India	China	Malaysia
Licence Fees	7% to 9%	Nil	0.5%
Spectrum Charges	3% to 8%	~0.5%	Nil
USOF	5% (included in licence fee)	Nil	1%
Service Tax, GST/VAT	12.36%	3%	5%
<b>Total</b>	<b>22% to 29%</b>	<b>3 to 3.5 %</b>	<b>6.5%</b>

Source: PwC Report on Indian Mobile Service Sector, August 2011

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6

