

Rethinking Mobile Taxation in Jordan:

Supporting affordability, growth, and fiscal stability

The expansion of mobile services in Jordan – including mobile broadband – are key to achieving the government’s ICT and development objectives. However, mobile services are subject to higher taxes than other goods and services, such as the 24% Special Tax, that raise barriers to the take-up and growth of mobile connectivity.



Mobile services connect 70% of Jordan’s population and deliver widespread social and economic benefits. Continued investment in the sector by mobile operators has spurred the growth of new generation technologies such as 3G (and recently 4G) and enabled many Jordanians to enjoy the benefits of internet connectivity and access to digital services, anywhere, anytime.

The mobile sector contributes to economic and social development in Jordan and to the advancement of the knowledge economy. The broader Jordanian knowledge economy contributes directly and indirectly over 100,000 full time jobs¹ – jobs that depend on sustainable mobile operator investment in network infrastructure, next generation technology, and digital services.

1. INTAJ and MoICT ICT & ITES Industry Statistics 2013



Mobile consumers and operators in Jordan are taxed at one of the highest levels worldwide. Supportive policies by the government can sustain growth and investment in the Jordanian knowledge economy and help bridge the digital divide in the country.

A recent study on mobile taxation conducted for the GSMA by Deloitte assesses the economic impact of mobile taxation, identifies priorities for policy change and quantifies the potential socioeconomic and fiscal benefits of rebalanced mobile taxation and fees in Jordan².

Key findings



Recurring tax and fee payments made by Jordanian mobile operators and consumers represent over 50% of market revenues.

In Jordan, the proportion of the cost of owning and using a mobile phone that is accounted for by tax is the second highest worldwide, according to a recent study by GSMA and Deloitte³. The combination of the valued-added tax and Special Tax, contributes **43.8%** to the final retail price of mobile usage in Jordan.

The high taxes on mobile consumption have negatively affected operator revenues; which are themselves subject to a **10% share with government**.

In addition to recurring payments, the allocation and renewal of spectrum licences amounted to nearly **US\$450 million** in Jordan in 2014 only.

This was preceded by auction payments of **US\$210 million** in 2009 and 2012 for 3G licences and followed by a payment of **US\$300 million** for 4G in 2015.

Rebalancing taxes on mobile would support the Jordanian government's objectives of increasing ICT usage, investment and economic growth, which would enable the government to recover tax revenues in the medium term, and significantly enhance the tax base in the longer term. In particular:

- Reducing mobile taxation on consumers enhances mobile affordability, usage, and revenues; which in turn enables mobile operators to make the investment required to expand mobile broadband network infrastructure.
- Reducing the Special Tax on mobile services to 12% has the potential to increase mobile connections by 570,000 in 2020. Over the period 2015-2020, the cumulative impact of the tax change could amount to 3 million additional connections. The spill over effects of such growth could increase GDP by US\$ 660 million in 2020 and over 2.6 billion cumulatively over the period, while the increase employment could be up to 5,000 jobs in 2020 and 17,000 cumulatively. As a result, the government of Jordan could achieve revenue neutrality within three years and gain up to US\$ 100 million in additional revenues in 2020.
- Removing the Special Tax on mobile broadband bundles could provide further incentives for the take-up of mobile internet and potentially enable an additional 400,000 broadband connections in Jordan in 2020. Over the period 2015-2020, mobile broadband connections could increase by 2 million. This increase in mobile penetration could add 2,000 new jobs and contribute an additional US\$ 310 million to GDP in 2020. This is equivalent to a cumulative increase over the period of over 1.2 billion in GDP and 7,000 in additional jobs. As a result, the Jordanian government could achieve revenue neutrality within three years, and enjoy US\$ 40 million in additional revenues in 2020.

2. GSMA/Deloitte (2015), "Digital Inclusion and Mobile Sector Taxation in Jordan".
3. GSMA/Deloitte (2015), "Digital Inclusion and Mobile Sector Taxation".

