

Mobile Sector Taxation: Comparative Fiscal Burden in DRC

Digital Infrastructure Policy Brief

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GSMA

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This policy brief has been prepared by the Digital Infrastructure Policy and Regulation team of GSMA to contribute to policy discussions on the mobile sector and its fiscal framework. The views expressed herein do not necessarily reflect those of the companies mentioned.

The tax information, Average Effective Tax Rate (AETR) estimates, and tax base analysis included in this document were provided by Ernst and Young LLP, based on information available in 2024. The AETR analysis was prepared specifically for the GSMA and cannot be relied upon by any other third-party. Data and assumptions were drawn from various sources.

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1. Introduction

The mobile telecommunications sector in the Democratic Republic of Congo (DRC) faces a highly complex and burdensome tax environment. This includes numerous general and sector-specific taxes and fees imposed on both consumers and operators. Such complexity results in a high overall tax burden and significantly increases compliance costs for operators. These fiscal challenges hinder investment in infrastructure, limit network expansion, and reduce service quality, thereby slowing digital inclusion and broader socioeconomic development.

This brief assesses the fiscal burden on the mobile sector and compares it with two other critical sectors in DRC: mining & extraction and retail finance.

2. High taxation of mobile consumers and operators



The table below outlines the various taxes and fees mobile operators in DRC must pay, both directly and on behalf of their consumers.

Table 1: **Mobile taxes and fees**

Category	Tax/fee	Rate	Tax type/base
Consumer taxes	Value added tax	16%	Revenue
	Excise duty	10%	Revenue
	Custom duty on handsets	5-20%	
Corporate taxes	Corporate income tax (CIT)	35%	Profit
	Minimum CIT	1% of revenue if CIT due is less than this amount	Revenue
Employment taxes	Contribution to the national institute of professional preparation for staff training	1-3%	Amount of remuneration
	Contribution to the national labour office	0.2%	
	Expatriate tax	25%	
	Family welfare contribution	6.5%	
	Professional risks contribution	1.5%	
	Pension contribution	5%	
Regulatory fees	Annual fee for mobile services 2G, 3G, 4G, & 5G	3% of telecoms revenue (urban regions) + \$53,000 per Mhz	Fixed fees + revenue
	Annual fee for mobile phone services in rural zones	3% of telecoms revenue (rural regions) + \$3,000 per Mhz	
	Annual carrier fee	3% of telecoms revenue	Revenue
	Annual licence fee for manufacturers or installers of network, telecom equipment, sheaths, lightweight pipes, coated and aerial pylons or antenna masts	10% of licence price	Fixed fees
	Annual licence fee for seller, installers or repairer of telecom equipment and materials	20% of licence price	Fixed fees
	Annual numbering tax	\$0.45 per number (assuming all connections are standard)	Fixed fees
	Annual international incoming calls tax	\$0.08 per minute on incoming international calls (minimum)	Fixed fees
	Annual Universal Service Fund	2% of telecoms revenue	Revenue
	Annual financial services fee	2% of revenue from financial messaging and fund transfers	Revenue
	Annual RAM fee (contribution to be paid for five years to fund internet in universities/schools based on data received from GSMA operators)	3.6% of telecoms revenue	Revenue

3. Comparison of average effective tax rate



To evaluate the tax burden across sectors, the AETR for a hypothetical representative firm was calculated for:



These calculations used revenue, capex, and opex profiles specific to each sector over the modelling period, along with the applicable tax regimes.

Key metrics:

AETR as a share of revenue: NPV of total tax payable / NPV of revenue (10% discount rate).

AETR as a share of pre-tax profit: NPV of total tax payable / NPV of pre-tax profit (10% discount rate).

Table 2: **Tax categories used to calculate the three modelled sectors:**

Tax base	Mining & extraction	Mobile telecoms	Retail finance
Corporate taxes	Corporate income tax Minimum CIT	Corporate income tax Minimum CIT	Corporate income tax Minimum CIT
Employment taxes	Employment taxes Social security contributions	Employment taxes Social security contributions	Employment taxes Social security contributions
Customs & excise duties	Customs duties	Customs duties Excise duty on telecoms services	Customs duties
Sector-specific taxes	Sector-specific taxes	Sector-specific taxes	Sector-specific taxes
Additional contributions	10% mandatory government share		

Key findings

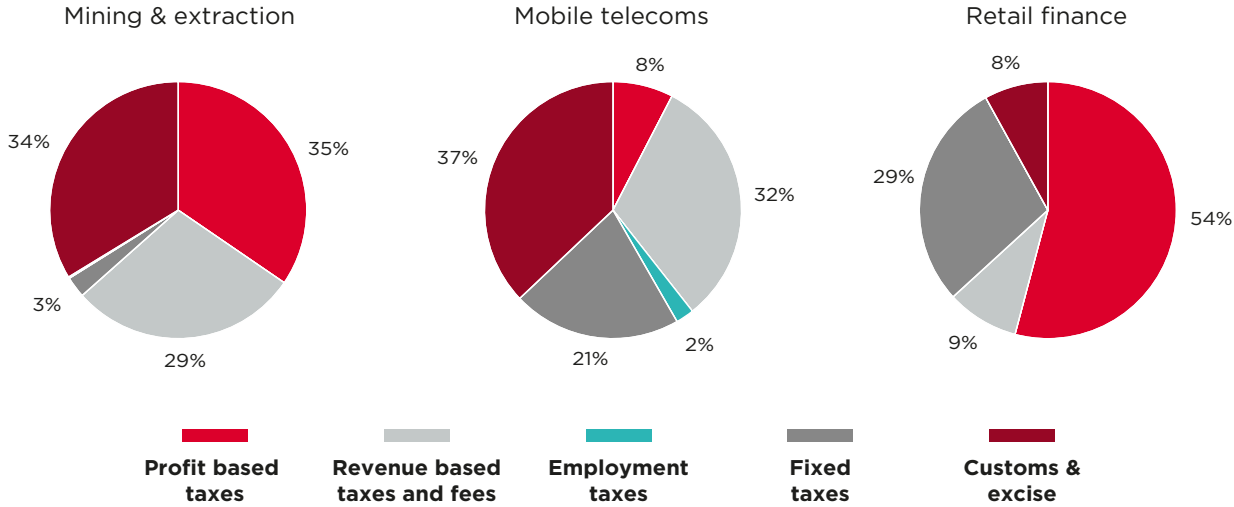
The table below presents the estimated metrics.

Table 3:

	Mining & extraction	Mobile telecoms	Retail finance
Operating margin (EBITDA / revenue)	50%	49%	44%
AETR as a share of revenue	30%	35%	11%
AETR as a share of pre-tax profit	71%	91%	34%

- The mobile telecoms sector faces a notably higher AETR relative to pre-tax profit (91%) compared to mining (71%) and retail finance (34%). This elevated burden is driven largely by sector-specific taxes and fees based on turnover rather than profit, as well as upfront regulatory charges.
- Only 8% of the mobile sector's tax burden is profit-based, with most taxes derived from revenue and other fixed sources. In contrast, profit-based taxes comprise 35% of the mining sector's burden and 54% for retail finance. Notably, the retail finance sector faces no significant sector-specific taxes, with most of its tax obligations arising from standard corporate income taxes and labour-related contributions.

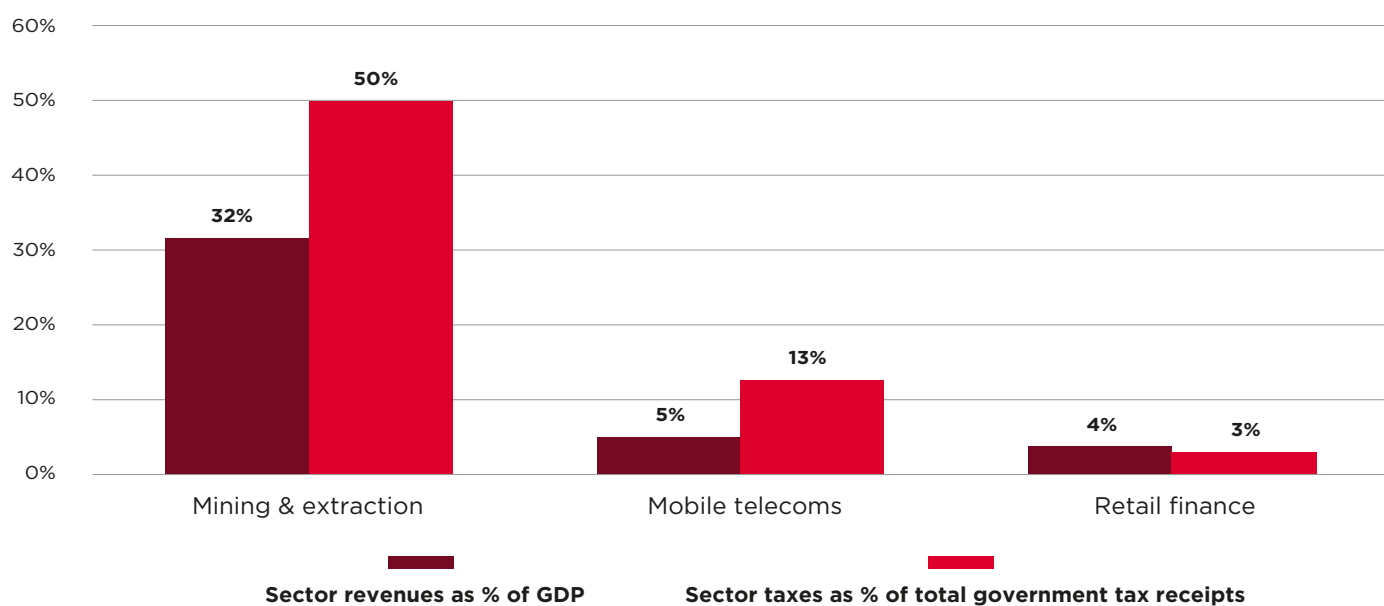
Figure 1: Share of total tax by tax base



- When tax contributions are compared with each sector's share of national GDP, the telecoms sector contributes disproportionately more. This is primarily due to heavy sector-specific taxes and fees.



Figure 2: Sector share of total DRC GDP vs. sector tax contributions



- The mobile telecoms sector shares several similarities with the mining and retail finance industries. Like mining, it relies on limited public resources and requires substantial upfront capital investment. Like retail finance, it operates in concentrated markets and primarily serves consumers. All three sectors also tend to have

comparable operating margins. However, despite these commonalities—and the mobile sector’s critical role in socioeconomic development, it is subject to a significantly heavier tax burden than either mining or retail finance.

4. Taxation principles for mobile sector

Reforming the tax framework for the mobile sector can encourage greater investment and improve sector performance. Key principles include:



Promote fair and broad-based taxation:

Shift toward a broad-based tax framework by minimizing or eliminating sector-specific, revenue-based fees imposed on mobile operators. This would ensure the mobile sector is treated more equitably in comparison to other key sectors of the economy.



Remove excise duty on mobile services:

Eliminate the sector-specific excise duty on mobile services to enhance affordability, especially for lower-income populations to support wider adoption of mobile connectivity.



Simplify the tax regime:

Streamline the mobile tax structure by reducing the number of overlapping levies and fees. This would lower compliance costs for operators and create a more predictable and efficient fiscal environment to support long-term investment.

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