

# Mobile Sector Taxation: Comparative Fiscal Burden in Rwanda

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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 2025. 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 Rwanda 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 the retail finance and agro-processing sectors in Rwanda.

## 2. High taxation of mobile consumers and operators





Table 1: **Mobile taxes and fees**<sup>1</sup> (continued)

| Category        | Tax/Fee name  | Tax rate and details   | Tax type/base |
|-----------------|---|--|---------------|
| Regulatory fees | Universal services fund (USF)   | 2% of gross revenue  | Gross revenue |
|                 | Radiocommunication license for mobile and fixed wireless broadband spectrum | Application Fee: <b>RWF 2,326,304</b>  | Fixed fee     |
|                 | Annual license fees   | 1% of operating revenue  | Gross revenue |
|                 | Spectrum fees   | Annual revenue fee: 3% of operating revenue<br>Annual fixed fee: <b>\$50,000</b><br>Annual frequency fee: <b>\$2,000</b> per MHz<br>One-off fee: <b>~\$78m</b>   | Gross revenue |
|                 | Numbering fees  | Application fee: <b>RWF 50,000 per block</b><br>Annual maintenance and management fees: RWF 9,000,000 per block of 100,000 numbers (i.e. equivalent to a fixed fee of <b>RWF 90</b> per number)  | Fixed fee     |
|                 | Signal distribution license   | Application Fee: <b>USD 1,000</b> License Fee: <b>USD 104,000</b>  | Fixed fee     |
|                 | International network facilities  | International Gateway Systems (Satellite or Terrestrial: This includes Satellite Earth Stations, Microwave Radio Links, Submarine Cables, Switching Centres, Nodes and Servers and others. Application fees: <b>USD 5,000</b> , License fees: <b>USD 100,000</b>   | Fixed fee     |
|                 |   | Network Infrastructure Providers: Fixed and Mobile Network Facilities. Application fees: <b>USD 5,000</b> , License fees: <b>USD 100,000</b>   | Fixed fee     |
|                 | Surcharge tax on international calls  | A sector-specific tax of <b>\$0.10</b> per minute of incoming international calls  | Fixed fee     |
|                 | Commercial services: mobile service   | License application fee: Per network: <b>RWF 1,000,000</b> . Band 900 and Band 1800, Band unit fee: RWF 9,020,369, Transmitter unit fee: <b>RWF 27,061</b><br>Band unit fee for cellular (2G/3G) and IMT services (for background): Year 1 (2022): <b>RWF 4,329,777</b> , Year 2 (2023): <b>RWF 6,765,277</b> , Year 3 (2024): <b>RWF 8,818,332</b> , Year 4 (2025): <b>RWF 9,020,369</b>  | Fixed fee     |
|                 | Short codes   | First time application:<br>Application fee: <b>RWF 25,000</b> .<br>Annual charges: <b>USD 1,000</b> . Voice/SMS Gold numbers: <b>USD 1,000</b> . Voice/SMS Silver Numbers: <b>USD 800</b> Voice/SMS Bronze Numbers: <b>USD 600</b> Voice/SMS Ordinary Numbers: <b>USD 200</b><br>Renewal:<br>Application fee: free<br>Annual charges: <b>USD 1,000</b> . Voice/SMS Gold numbers: <b>USD 1,000</b> . Voice/SMS Silver Numbers: <b>USD 800</b> . Voice/SMS Bronze Numbers: <b>USD 600</b> . Voice/SMS Ordinary Numbers: <b>USD 200</b> | Fixed fee     |

<sup>1</sup> Highlighted tax rows are not included in the model

### 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 of 15 years, 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 type                | Tax sub-type  | Mobile Telecoms   | Retail Finance                                       | Agro-Processing  |
|-------------------------|---|---|--|--|
| Corporate taxes         | General   | Corporate income tax  |  |  |
| Annual and one-off fees | Sector-specific   | Universal services fund (USF)   | Banking license application fee                      | Phytosanitary certificate  |
|                         |   | Radiocommunication license for mobile and fixed wireless broadband spectrum |  | Good Manufacturing Practices (GMP) Inspection of food manufacturing facility (Domestic) - Inspection for site approval |
|                         |   | Annual license fees   |  | Initial operational license: Food and beverage processing facility   |
|                         |   | Annual and one-off spectrum fees  |  |  |
|                         |   | Numbering tax   | License fee upon being granted a banking license     | Operational license renewal for food and beverages manufacturers   |
|                         |   | Signal distribution license   |  | Coffee export license  |
|                         |   | International network facilities  | Health certificate / export permit for food products |  |
| Short codes             | Representative office of a foreign bank - application fee | Registration of food products: tea and coffee                               |  |  |
| Other taxes             | General   | Trading license fee   |  |  |
|                         |   |   |  | Annual operational license renewal for food and beverages  |

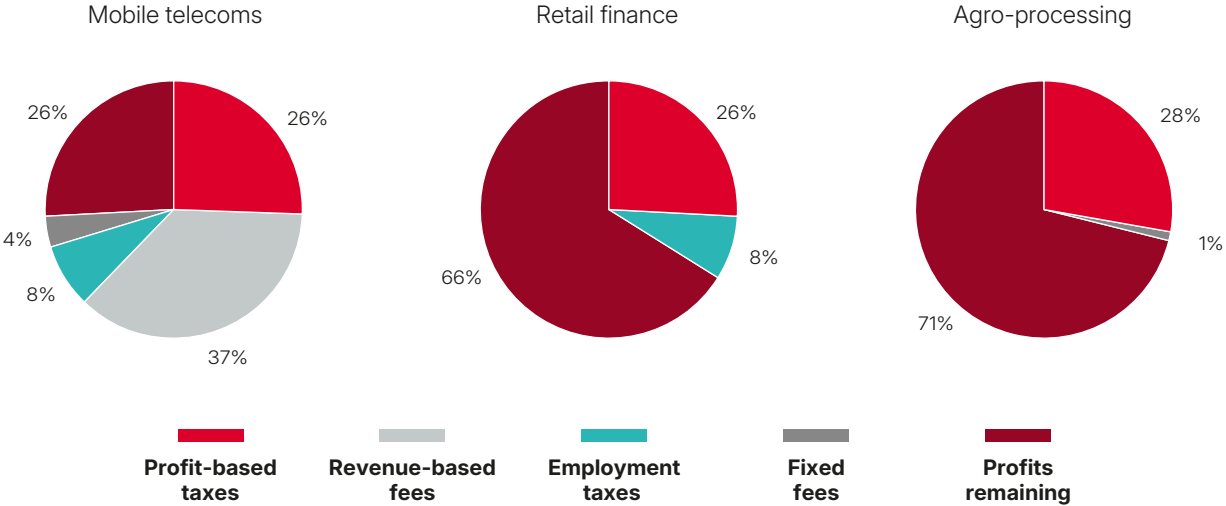
# Key findings

- As shown in the table below, Rwanda’s mobile sector faces a disproportionately high fiscal burden, with an AETR of 74% of pre-tax profits—significantly above the retail finance sector (34%) and the agro-processing sector (29%).
- The high fiscal burden on mobile sector is driven largely by sector-specific fees based on operators’ revenue which absorbs 37% of the pre-tax profits. These fees are imposed directly on revenues or as fixed charges. This significantly reduces operators’ free cash flow, which is the primary and, in some cases, the only source of funding for infrastructure investment and network upgrades.

Table 3:

|                                      | Mobile telecoms  | Retail finance | Agro-processing |
|--------------------------------------|------------------|----------------|-----------------|
| AETR (tax as a % of pre-tax profits) | 74% <sup>2</sup> | 34%            | 29%             |
| AETR (tax as a % of revenues)        | 12%              | 10%            | 10%             |

Figure 1: Share of pre-tax profit by tax type



- Revenue-based fees result in a structurally rigid and more regressive tax system that is less aligned with actual profitability and less responsive to investment cycles in a capital-intensive sector.

<sup>2</sup> The 74% AETR for mobile telecoms excludes excise duty on mobile services; if this is included, the AETR rises to 83% of pre-tax profits.

## 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.

