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GUIDELINES FOR THE COMPUTATION AND PAYMENT OF ONE PERCENT
(1%) OF LICENSEES' NET REVENUES AS ANNUAL REGULATORY FEES TO
THE NATIONAL COMMUNICATIONS AUTHORITY (NCA) AND
CONTRIBUTIONS TO THE GHANA INVESTMENT FUND FOR ELECTRONIC
COMMUNICATIONS

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1. INTRODUCTION

1.1 The National Communications Authority (NCA) was established under the National Communications Authority Act, 2008 (Act 769) to license and regulate communications services in the country and to provide for related purposes. The legislative framework of the NCA also includes the Electronic Communications Act, 2008 (Act 775) which also mandates the NCA to regulate electronic communications, broadcasting and the use of the electromagnetic spectrum as well as other related matters.

1.2 Section 20(1) of Act 769 makes provision for the funding of the Authority to be derived from fees, charges and any other moneys payable under the NCA Act or any other enactments, whilst section 82 (1) of Act 775 gives the Authority power to charge fees for an individual licence, class licence, special licence or frequency authorisation or renewal. Particularly, section 5(1) (a) of Act 775 also provides that a Mobile Network Operator (MNO) or Service Provider shall pay the fees specified by the Authority.

1.3 Section 33(a) of Act 775 also provides for the funding of the Ghana Investment Fund for Electronic Communications (GIFEC) to be derived from sources including contributions from operators and service providers as stipulated in their respective licences or authorisations.

1.4 Flowing from these provisions, the NCA charges fees for applications, licences, spectrum, numbering resources as well as annual regulatory fees for the various services that it regulates and has accordingly imposed on some licensees, the obligation to pay one percent (1%) of their net revenues each as annual regulatory fees to the NCA and contributions to GIFEC.

1.5 Furthermore, specific provisions of the various licences, including the Mobile Cellular Licence, Broadband Wireless Access Licence, Fixed Network Licence, Submarine Cable Landing Station Licence, Communications Infrastructure (Tower) Licence, etc., require Licensees to establish accounting and reporting arrangements sufficient to enable the Licensees' finances in relation to telecommunication services provided pursuant to the licence to be assessed and reported separately from other telecommunication services and from other commercial activities of the licensees.

1.6 The said licences also require that by 31st March of each year, Licensees shall deliver to the Authority, financial reports/statements, indicating the Licensees' detailed Net Revenue Accounts.

1.7 The NCA has noted that, over the years, Licensees have not fully complied with the provisions of their licence conditions in respect of the annual regulatory fee payment to the NCA and GIFEC as well as the submission of annual financial statements based on which the said 1% of their net revenues are calculated largely due to the following reasons:

- i. Lack of standardised templates for reporting to the NCA
- ii. Lack of clarity on deductible charges from Gross Revenue
- iii. Non-submission of Reconciliation Statement on Interconnect Traffic (Voice and SMS)
- iv. Lack of Guidelines for the Calculation and Payment of 1% Net Revenue as Annual Regulatory Fees to NCA and contributions to GIFEC.

1.8 These Guidelines have therefore been issued pursuant to Regulation 103 (1) (q) to address the gaps identified.

1.9 The Guidelines shall be known as the "Guidelines for the Computation and Payment of One Percent (1%) of Licensees' Net Revenues as Annual Regulatory Fees to NCA and contributions to GIFEC."

2. ABBREVIATIONS

NCA means the National Communications Authority;

GIFEC means the Ghana Investment Fund for Electronic Communications;

CST means Communications Service Tax

MA means Management Accounts

AFS means Audited Financial Statements

2.1 DEFINITION OF TERMS

In these Guidelines, the terms hereunder shall have the following meaning:

- i. **Authority** means the National Communications Authority;
- ii. **Licensee/Authorisation Holder** means designated service provider required to pay 1% of its Net Revenue as annual regulatory fees to the Authority;
- iii. **Act** means the National Communications Authority Act, 2008 (Act 769) and any amendments thereto;
- iv. **EC Act** means the Electronic Communications Act, 2008 (Act 775) and any amendments thereto;
- v. **Interconnect Charge** means charges that are paid by a locally licensed Network Operator to another for completing a call originating from its network and terminating on another's network;
- vi. **Statutory Taxes** mean current sector-specific (CST) and general taxes (VAT, NHIL, COVID-19 Levy, GET Fund) that are applicable to the telecom industry and any future statutory taxes that may be applicable;
- vii. **Gross Revenue** means the fair value of the consideration received/receivable including revenue from the sale of goods (handsets, accessories) and services exclusive of CST, VAT, NHIL, GETFUND and future statutory taxes;
- viii. **Licensed Service** means all electronic communications/telecommunications services that the mobile, fixed and other telecommunication service providers listed in Clause 4 of the Guidelines have been granted licences by the NCA to provide;
- ix. **Net Revenue** in this case is defined as Gross Revenue (GR) less/more(+/-) Interconnect Charges (IC) i.e. **[GR +/- IC]**;
- x. **Regulations** means the Electronic Communications Regulations, 2011 (L. I. 1991) and any amendments thereto.

3. OBJECTIVES OF THIS DOCUMENT

3.1 The main objective of this document is to assist Licensees who are required to pay 1% of their net revenues as annual regulatory fees to the NCA and contributions to GIFEC to accurately report and compute the applicable percentage of net revenues that are payable to the NCA and GIFEC.

3.2 Other objectives include:

- i. Setting out the legal basis for which the regulatory fees are charged.
- ii. Ensuring that Licensees submit accurate and/or standardized templates to the Authority to facilitate the transparent computation of the 1% net revenues as regulatory fees.
- iii. Ensuring compliance with licence conditions by applying sanctions to defaulters for late payments and non-compliance with reporting templates.

4. SCOPE OF THE GUIDELINES

The Guidelines are applicable to the under listed Licensees/Authorisation Holders:

- i. Fixed Network Operators (FNOs)
- ii. Mobile Network Operators (MNOs)
- iii. Telecommunications Infrastructure Companies
- iv. Terrestrial Fibre Optic Network Operators
- v. Broadband Wireless Access (BWA) Service Providers
- vi. International Gateway Licensees (IGLs)
- vii. Mobile Virtual Network Operators (MVNOs)
- viii. International Wholesale Carrier Licensees (IWCLs)
- ix. Submarine Cable Landing Station Operators
- x. Interconnect Clearing House (ICH)
- xi. Communications Managed and Support Services Providers
- xii. Any other Licensee or Service Provider that the NCA will designate to pay a percentage of its revenue as annual regulatory fees to the Authority and GIFEC.

5. CATEGORIES OF LICENSEES REQUIRED TO PAY 1% ANNUAL REGULATORY FEES

The Licensees shall be categorised into two (2) as follows:

- a. Licensees that charge interconnection fees: Such Licensees are allowed to deduct/add the net loss/gain interconnection charge from/on their gross revenue before the 1% regulatory fee computation, whichever is applicable.
- b. Licensees that do not charge interconnection fees: Such Licensees pay the regulatory fees without the deduction of interconnection charges.

6. REQUIREMENT FOR PAYMENT OF 1% OF LICENSEES'/AUTHORISATION HOLDERS' NET REVENUES AS ANNUAL REGULATORY FEES TO NCA & CONTRIBUTIONS TO GIFEC

The obligation of payment of the 1% annual regulatory fees in these Guidelines shall be according to the provisions stipulated in the respective licences/authorisations of the Licensees and Authorisation Holders as follows:

a. Payments to NCA

6.1.1 The Licensee shall pay to the NCA a regulatory fee of one percent (1%) of their Annual net revenues.

6.1.2 The said regulatory fee shall be paid quarterly and by the last business day of the month succeeding the quarter for which payment is being made as stated in their licences.

b. Payments to GIFEC

6.2.1 The Licensee shall pay to GIFEC a regulatory fee of one percent (1%) of its annual Net revenue.

6.2.2 The said regulatory fee shall be paid quarterly and by the last business day of the Month succeeding the quarter for which payment is being made as stated in the Licence.

Upon receipt of the completed template for the payment, the NCA may issue an invoice for the payment of the regulatory fees for the period.

Regardless of the due date on the Invoice, payment must be made by the last business day of the month succeeding the quarter for which payment is being made as stated in the Licence.

The methodology for the computation of the annual regulatory fees is defined as follows:

c. Operators Who Charge Interconnection Fees

6.3.1 For licensees who are permitted to charge interconnection fees, the computation of the annual regulatory fees shall be as follows:

6.3.2 Net Revenue (NR) = Gross Revenue (GR) less / more (+/-) Interconnect Charges (IC).

- ***Net Revenue = {GR - (Interconnect (Net Loss))}**

OR

- ***Net Revenue = {(GR + (Interconnect (Net Gain))}**

* Whichever is applicable at the time of payment

6.3.3 The interconnect charge deductible shall be limited to **local interconnect** (Net Loss) for Voice and SMS only.

6.3.4 As part of the 1% regulatory fee computation and payment to the Authority, Licensees and Authorisation Holders are required to submit, quarterly, an Interconnect Charge Reconciliation Statement based on the local interconnect traffic which details the interconnect charge relationships between the payer and all other Operators.

6.3.5 The following Communications Service Providers (CSPs) fall under this category:

- FNOs
- MNOs
- BWAs
- MVNOs

7. OPERATORS WHO DO NOT CHARGE INTERCONNECTION FEES

7.1 For Licensees/Authorisation Holders who do not charge interconnection fees, the computation of their net revenues shall be as follows:

Net Revenue = Gross Revenue (GR)

7.2 The following Licensees/Authorisation Holders fall under this category:

- Communications Managed and Support Services
- Submarine Cable System/Landing Station Operators
- Terrestrial Fibre Optic Network Operators
- Telecommunications Infrastructure Companies
- Tower companies

8. LICENSEES OPERATING AS IWCLS

8.1 Licensees operating as IWCLs are required to deduct service charge to the ICH, International Transit Rate (ITR) to the MNOs and surcharge on International Incoming Traffic (IIT).

9. SEPARATION OF ACCOUNTS

9.1 In accordance with Sections 1.2, 1.3 and 1.4 of these Guidelines, a Licensee with multiple licences/authorisations that is required to pay one percent (1%) of net revenue for each licence/authorisation should ensure that all revenues accrued under a particular licence/authorisation are accounted for and paid for separately to both the NCA and GIFEC.

9.2 In order to assure the Authority's revenue lines and accountability per each licence/authorisation, the NCA requires that revenues generated from each of the licences/authorisations are separately identifiable and attributable in its report and distinguishable from the revenues generated from or related to any other activities that the Licensee/Authorisation Holder may be engaged in.

9.3 Service Providers with multiple licences/authorisations should not make single lump sum payment to cover different licences/authorisations but make separate payments for separate licences/authorisations.

9.4 Where a single Cheque or wire transfer is issued to cover the annual regulatory fees for multiple licences/authorisations or services provided by a Service Provider, a breakdown of the revenues accruing under each licence or authorisation should be attached for proper identification and transparency.

Quarterly submission of annual regulatory fee shall be in the required format per the Reporting Templates attached as Annexures (A-F) to these Guidelines.

10. USE OF AUDITED FINANCIAL STATEMENTS FOR THE COMPUTATION OF 1% OF LICENSEES' /AUTHORISATION HOLDERS' ANNUAL NET REVENUES

10.1 The Authority, in the computation of the 1% of net revenues payable annually by Licensees and Authorisation Holders shall rely on their Audited Financial Statements (AFS).

10.2 Penalties for non-submission of AFS by the due date shall be duly applied where necessary

11. USE OF MANAGEMENT ACCOUNTS IN THE ABSENCE OF AUDITED FINANCIAL STATEMENTS

11.1 The Authority, in the computation of the 1% of net revenues payable quarterly by Licensees and Authorisation Holders, shall rely on their Management Accounts (MA) of the same reported period.

11.2 Penalties for non-submission of Management Accounts by the due date shall be duly applied where necessary.

12. PROCESSES AND PROCEDURES FOR THE REVIEW AND VERIFICATION OF PAYMENT OF 1% OF NET REVENUES AS ANNUAL REGULATORY FEES

- 12.1 Operators are required to submit a quarterly MA in support of their quarterly 1% fee payment
- 12.2 Operators are required to submit their AFS in compliance with relevant provisions of their licences or authorisations.
- 12.3 The Authority will request for a detailed breakdown of interconnect cost as stated in the AFS as an Annexure to the AFS.
- 12.4 In order to determine the accuracy of the 1% fee payment by a Licensee/ Authorisation Holder for the period, the Authority will rely on both the AFS and the MA submitted for the computation exercise and a reconciliation meeting may be held between the Authority and the Licensee or Authorisation Holder where necessary.
- 12.5 The Authority will seek further clarification or additional information from the Licensee or Authorisation Holder where necessary.

13. DEFAULT IN THE COMMENCEMENT /LAUNCH OF SERVICE

- 13.1 In the event where a licensee defaults in the commencement of its commercial service as specified in its licence or authorisation, the Authority will serve a demand notice for the payment of 1% annual regulatory fees calculated from the licence fees.
- 13.2 The said regulatory fees shall be payable and assessed each year at 1% of the licence fees calculated from the grant of licence date as stipulated in the applicable licence until provision of commercial services are commenced by the licensee and the Authority duly notified.

14. SANCTIONS

- 14.1 Failure to adhere to the provisions of these Guidelines shall attract applicable sanctions as stated in the NCA Schedule of Penalties.
- 14.2 The non-compliance with these Guidelines shall include late payments, non-payment, non-submission of appropriate template, non-submission of audited financial statements or management accounts (where applicable), non-separation of revenues accruing under multiple licences, etc.

**RECOMMENDED TEMPLATES FOR
THE COMPUTATION AND PAYMENT
OF ONE PERCENT (1%) OF
LICENSEES' NET REVENUES AS
ANNUAL REGULATORY FEES TO NCA
AND CONTRIBUTIONS TO GIFEC.**

ANNEX A- TEMPLATE FOR LICENSEES MANDATED TO CHARGE INTERCONNECT

Period	Quarter...			
	Recommended Template for Licensee Mandated to Charge Interconnect			
		Prepaid Revenue		
A	Service Revenue(Tax Exclusive)	Prepaid(Voice,SMS,Bundle&Data)		
		Postpaid Revenue		
		Voice Revenue		
		SMS Revenue		
		Data Revenue		
		Roaming Revenue		
		Voice Revenue		
		SMS Revenue		
	Merge all roaming	Data Revenue		
		Sales of Accessories		
		International Interconnect		
		Business ICT & Fixed WHS		
		Digital & Home		
		Others		
B1	Add Net Interconnect Receipt			
	Refer to Interconnect Reconciliation Statement Template	Domestic Voice Revenue(Net Receipt)		
		Domestic SMS Revenue(Net Receipt)		
A1	Gross Service Revenue (A+B1)			
B2	Deduct Net Interconnect Payout			
	Refer to Interconnect Reconciliation Statement Template	Domestic Voice Revenue (Net Payout)		
		Domestic SMS Revenue (Net Payout)		
A2	Gross Service Revenue (A1+B2)			
C	Total Net Revenue (A2)			
Period	Quarter...			
	Recommended Template for Licensee Mandated to Charge Interconnect			
A	Service Revenue(Tax Exclusive)			

ANNEX B- TEMPLATE FOR LICENSEES NOT MANDATED TO CHARGE INTERCONNECT

Recommended Template for Licensee Not Mandated to Charge Interconnect				
				GHC
A	Gross Revenue(Tax Exclusive)			
		All Service Revenue		
		Others		
			XXX	
				XXXX
B	Total Revenue (A)			
				XX

ANNEX D -SEPARATION OF ACCOUNTS TEMPLATE

Recommended Separation of Accounts Template for the breakdown of Revenue accrued under each Licence or Authorisation for the payment of 1% Regulatory Fees			
Category of Licence/Authorisation (as may be applicable per MNO/Service Provider)	Net Revenue per Licence /Authorisation	NCA 1% Annual Regulatory Fees (1%* Net Revenue)	GIFEC 1% Annual Regulatory Fees (1%*Net Revenue)
	GHS	GHS	GHS
A			
B			
C			
TOTAL NET AMOUNT PAYABLE	-	-	-

ANNEX E- TEMPLATE OF STATUTORY DEDUCTIBLE TAXES

Recommended Template for Reporting Statutory Deductible Taxes					
				GHC	
A	Statutory Taxes- (Deductible From Gross Revenue)				
		Value Added Tax		XX	
		National Health Insurance Levy		XX	
		Communications Service Tax		XX	
		Covid-19 Levy		XX	
		GETFund Levy		XX	
		Additional Future Statutory Taxes Applicable			XXX
B	Total Statutory Taxes- (Deductible from Gross Revenue for Month)				XXX X

ANNEX F- TEMPLATE FOR INTERNATIONAL WHOLESALE CARRIER LICENSEES

Recommended Template for International Wholesale Carrier Licensees (IWCLs)				
A	Gross Revenue at Statutory USD 0.19		XXX	
				XXX
Less				
B	Applicable Statutory Regulatory Charges			
		* ICH Service Charge	XX	
		* International Transit Rate to MNOs	XX	
		Surcharge on IIT(\$0.0608)	XX	
				(XXX)
C	Statutory Taxes- (Deductible)			
		Value Added Tax	XX	
		National Health Insurance Levy	XX	
		Communications Service Tax	XX	
		GETFund	XX	
		Additional Taxes	XX	
				(XXXX)
D	NET REVENUE (A- (B+C))			XXXX
E	Regulatory Fee: 1% on Net Revenue(D)			XX

- 1) *Rates and Charges applicable in the given year as indicated in the determination of the Wholesale Interconnection Rate Regime.
- 2) **Applicable exchange rate shall be equivalent to the published Bank of Ghana rate at the time of payment.

