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An Assessment of 10% Telecommunication Service Tax Collection Mechanism and Its Transparency



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About AFCAC

In view of the wide-spread corruption and lack of transparency and accountability in the government, and private sector; a number of Civil Society Organizations (CSOs) decided to establish a coalition against corruption at a large meeting held on 25 February 2012 in Kabul. Following this meeting, the coalition was formally launched on 29 March 2012 in Kabul. AFCAC registered with Ministry of Economy in as an independent legal entity in November 2013. AFCAC aims to foster positive change and contribute to a more comprehensive, coherent and inclusive fight against corruption in Afghanistan. AFCAC strives to foster national dialogue, mobilize civil society for anti-corruption campaigns, and promote partnership building among anticorruption stakeholders in order to influence national level policies aimed at creating a new Afghanistan that has the needs and priorities of the population at heart.

➤ Vision

AFCAC envisions a transparent, accountable, democratic and prosperous Afghanistan based on social justice and the rule of law.

➤ Mission

A strong, committed and coordinated coalition of all non-state actors advocating democratic governance, accountability and transparency in all spheres of governmental and non-governmental activity

➤ Strategic Goal

The overall strategic goal of “AFCAC” is to fight corruption in Afghanistan through non-discrimination & non-confidential manner by strengthening the role of Civil Society Organizations taking into consideration the Afghan Justice Standards and procedures.

Acronyms

ADR	Alternative Dispute Resolution
AFCAC	Afghans Coordination Against Corruption
AICC	Afghanistan International Chamber of Commerce & Industry
AISA	Afghanistan Investment Support Agency
ATRA	Afghanistan Telecommunication Regulation Authority
AWCC	Afghan Wireless Telecommunication Company
CBOS	Cisco Broadband Operating System
CSO	Civil Society Organization
IWA	Integrity Watch Afghanistan
MEC	Independent Joint Anti-Corruption Monitoring and Evaluation Committee
MoCIT	Ministry of Communications and Information Technology
MoE	Ministry of Economy
MoF	Ministry of Finance
RTDMS	Real Time Data Management System
USAID	United States Agency for International Development

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Introduction

It is an undeniable fact that telecommunication has become an inseparable part of our life and has connected billions of people around the world. One can hardly imagine normal functioning of the society in the absence of telecommunications as it has impacted every aspect of our daily life. The same is true about Afghanistan where access to mobile and internet has dramatically changed people's lives in the past fifteen years. Prior to the beginning of operations of telecom companies in 2002, the country was literally cut off from the outside world and to make an international call, people had to travel to neighboring countries. However, after establishment of a broad-based government under the leadership of Hamid Karzai, Afghanistan began to open for the world and the government encouraged investment in many sectors, including telecom. As a result, the number of public & private telecom service providers increased over the years and most areas of the country were brought under their coverage. Currently, an estimated 22-25 million people in Afghanistan are using telecom services and this number is expected to grow in the future.

The imposition of telecommunication service tax for the first time in 2015 sparked debate among people on the mechanism and transparency of its collection. While most people favor payment of telecom service tax to financially support the government, there are concerns that revenues collected from this sector could be embezzled. However, due to lack of public awareness about the issue, few people knew exactly where the problem lies and what gaps and loopholes exist in the system. In order to understand more about the issue, Afghans Coordination Against Corruption (AFCAC) commissioned to conduct an Assessment of 10% Telecommunication Service Tax Collection Mechanism and Its Transparency. The main aim of the assessment is to: 1) examine what mechanism/system is in place for collection of telecommunication service tax and 2) how transparently is telecommunication service tax collected from subscribers. The study will also attempt to explore the impacts of tax deduction on people and businesses.

Given the nature of the assessment, time constraints and lengthy bureaucratic procedures; the interviews, FGDs and public survey opinion were only conducted in Kabul. They were carried out with authorities, experts of relevant fields, representatives of telecom companies and other related groups. However, the methodology of the study was designed to counter void of information and negative effects of any of above obstacle. In addition, usage of comprehensive questionnaires and survey forms, as well as review of available literature have helped make this study and its findings rich. The report is structured as follows: Chapter one analysis telecommunication service tax from the perspective of authorities and business community. It examines the transparency and effectiveness of the mechanism that is in place for this purpose as well as assesses the role of each institution engaged in the process. Chapter two explores the topic from the point of view of experts and representatives of civil society organizations. Furthermore, it briefly compares the tax imposed on telecom subscribers with those of other sectors, highlights its impacts on people & businesses and proposes alternatives to the subscribers' tax. Finally, Chapter three discusses public opinion, their awareness about tax mechanisms, personal impacts and people's expectations from the government in relation to proper spending of the collected revenues.

Methodology

This assessment is based on the existent literature in the area of telecom taxation and the data that is gathered by AFCAC researchers from the field. After careful review of limited available secondary data, it was determined that both qualitative (interviews and focus group discussions) and quantitative (public opinion survey) data collection methods would be utilized to gather comprehensive information about telecommunication service tax collection mechanism and its transparency. The tools that were used for this purpose included open-ended interview questionnaire, semi-structured FGD questionnaire and public opinion survey form.

Due to the importance of interviews with ‘key informants’ and ‘experts’, a method that is used in social sciences to examine a subject about which only a small group within the society has insights or information, purposeful sampling strategy was adapted and respondents were identified in advance. Overall, 17 individuals who were working in telecom sector or had extensive knowledge about the subject were interviewed over a period of one month. They were contacted in advance to fix an appointment, and on the designated date, AFCAC researchers visited and interviewed them. To comply with research ethics, every interview was recorded with the consent of interviewees. Furthermore, all required official procedures were followed and relevant individuals were briefed about the scope & objectives of the assessment in advance. Similarly, convenient sampling strategy was used to conduct FGDs with groups of people in different parts of Kabul city. Each FGD consisted of 6-8 respondents who belonged to diverse backgrounds. Participation in FGDs was on voluntary basis and no financial or material incentive was given to the participants.

In order to measure public perception about telecom service tax, survey forms containing a wide range of questions were distributed among specific groups of people to be filled. These included students, public servants, small entrepreneurs and employees of non-governmental organizations. Gender equality was observed strictly during conduct of survey and to ensure diversity of opinions, forms were distributed among residents of different parts of the city. Trained AFCAC surveyors were always present at the time of form filling and provided guidance to participants whenever requested. In the end, participants filled eighty forms in a period of one-month and handed them over to surveyors for further processing.

It is worth mentioning that during collection of data, the researchers faced a number of obstacles, which affected timely completion of the process. Among others, a major challenge was reluctance on the part of officials to be interviewed. Whenever approached, some of them made excuses to avoid being interviewed while others referred their colleagues to provide information instead. Furthermore, in some parts of the city that are considered conservative, it was difficult to find female volunteers or convince them to take part in the survey process. This indicates that traditional beliefs still hinder female participation in civic involvement.

Key findings

This study identifies a number of challenges that hinder the effectivity and transparency of tax collection mechanism. Participants repeatedly cited these obstacles during interviews and surveys, which were conducted for this assessment. Continuation of these challenges will cause reduced public trust on the government, particularly the taxation system. Therefore, the government and telecom companies need to take these seriously and work jointly for their resolution. Furthermore, solution of these challenges require adaption of long-term polices and relevant authorities or policy-makers shall not suffice on quick solutions or bringing minor changes in the procedures.

Some of the key findings of this assessment are as below:

1. **Inexistence of an effective system:** as will be explained in the coming sections, one of the main issues that has hindered the proper collection of revenues from the telecom sector is the absence of an effective system. Unlike other countries, the decision to impose telecom subscribers tax was taken at a time when the government neither had a system for tax collection and nor expertise in this area. As a result, a three-member committee composed of the representatives of MOF, MoCIT and ATRA was created to monitor the process. Although the government has decided to replace the committee with RTDMS and initial steps to procure the system have been taken, after passage of two years the plan is yet to be turned into reality.
2. **Lack of ownership:** the committee that is currently monitoring the collection of telecom subscribers tax suffers from lack of ownership. While the Law on Telecommunication Services Fees has clearly assigned MoF and MoCIT (ATRA) as implementers of the law, the responsibilities are not clearly divided among the committee members. During the interviews that were conducted for this assessment, representative of one ministry would refer to the other as the main owner and prime implementer of the system.
3. **Low public awareness:** People's knowledge and awareness about tax collection system and transparency is very low. Despite supporting imposition of tax for increasing government's revenues, most of the respondents have said that they do not know how much revenue is collected and where it is spent. Moreover, no prior awareness campaigns or public consultations were conducted and people became aware of the telecom tax after it was imposed. Even two years after imposition of telecom tax, the authorities have not taken steps in this regard.
4. **Overreliance on reports of telecom companies:** the committee is heavily reliant on reports and data that is provided to them by telecom companies. The amount of tax that is to be collected from each service provider is primarily determined on the basis of these reports. However, in the absence of an effective process and capacity, it is hard for the committee to verify their authenticity independently.
5. **Low capacity of committee members:** the members of the committee that are currently running/monitoring tax collection system are not professionally trained in the area of telecom taxation. Most of them have background in the areas of finance, economy or ICT, but not RTDMS.

As a result, they cannot run the current system effectively and will need to be replaced once RTDMS is adapted.

Chapter One: Telecommunication Service Tax through Lens of Authorities and Business Community

The ideas expressed in this chapter on imposition of telecom service tax on subscribers mostly reflect perspective of authorities and representatives of telecom companies. Specific technical terminology is used in responses and are supported with figures and charts. Moreover, in some paragraphs references are made to laws and policies that are currently enforced to regulate telecom sector. Therefore, the analysis mostly explores positive and negative aspects of these ideas and offers solutions on several occasions. While some information may be missing, every attempt has been made to cover all relevant issues.

1.1 Background and Status of Telecom Sector in Afghanistan

The telecommunication sector in Afghanistan has developed beyond expectations in the last fifteen years and is one of the few sectors which has attracted an estimated USD 300-500 million in investment. From the time the first telecom company began its operations (AWCC 2002), the numbers of operators have increased significantly and currently five private and one government-owned telecom companies are providing telecom services to an approximately 22 million Afghans. Furthermore, based on the information provided by MoCIT, 90% areas in the country have been covered by telecommunication services and it is planned that by the end of 2018, the coverage will be expanded to 95%.¹ Similarly, several internet service providers are also operating in major cities and urban centers and 59 ICT companies that have received Internet service providing licenses are expected to begin their operations soon. It is widely believed that in terms of coverage and numbers of mobile subscribers per population, Afghanistan is way ahead of its neighbors and other countries in the regions.

¹ Written information provided by Dr. Mohammad Hasan the Technical Advisor to the MoCIT on 3 July 2017

According to MoCIT representative, the Ministry aims to expand telecommunication services to remote

Major Contributions of Telecom Companies to Economic Growth, Investment and Social Welfare

- Mobile companies have invested large amounts in the telecom sector in Afghanistan. Based on several reports, various companies have so far invested \$ 300 – 500 million in telecom infrastructure.
- The services provided by telecom companies have transformed classic economic system into modern one which is now connected with international markets and relies heavily on technology
- Telecom sector is among few sectors that pays huge amounts to government in taxes. The steady increase in revenues of this sector is contributing to the national budget and is likely to reduce government's dependence on foreign aid in the future.
- Many telecommunication companies are contributing to social welfare and elimination of poverty. They have built numerous orphanages, schools, medical facilities, vocational training centers and others through their foundations.

areas of the country and for this purpose supports telecom companies to improve quality of their services and encourage competition among them.² With completion of the design of Information Access Policy, it is expected that investment in fiber optic network by private investors will expand. This will also greatly contribute to the MoCIT plans which wants to turn Afghanistan into a major source of connectivity between South Asia, Central Asia and Middle East, bringing in huge revenues to the government.³ To turn this ambition into reality, an agreement of cooperation has been signed between Afghanistan and China, according to which the Afghan National Fiber Optic Network will be connected with Chinese Fiber Optic Network in the Wakhan area of Badakhshan. Moreover, at the national level, the Afghan National Fiber Network will be strengthened over the next five years, and the remaining nine provinces will be soon connected to the National Fiber Network. Despite numerous challenges which impede rapid expansion of telecom services, there is optimism that telecom sector in Afghanistan will continue to grow and attract foreign investment, which will not only increase governments revenue, but also boost regional connectivity.

One of the critical questions asked from officials of MoICT, ATRA, MOF as well as representatives of private and government-owned telecom companies during this assessment was about the number of active mobile and landline subscribers. Based on their information, an estimated 22-25 million subscribers are currently using telecom services, which include mobile, landline, 3G, 4G and other services.⁴ Ironically,

² *Ibid*

³ Javid Hamdard, "The State of Telecoms and Internet in Afghanistan (2006-2012)" USAID. March 2012, available at [https://www.usaid.gov/sites/default/files/documents/1871/The%20State%20of%20Telecoms%20and%20Internet%20in%20Afghanistan%20\(2006-2012\)%20Low-Res.pdf](https://www.usaid.gov/sites/default/files/documents/1871/The%20State%20of%20Telecoms%20and%20Internet%20in%20Afghanistan%20(2006-2012)%20Low-Res.pdf), Page 10.

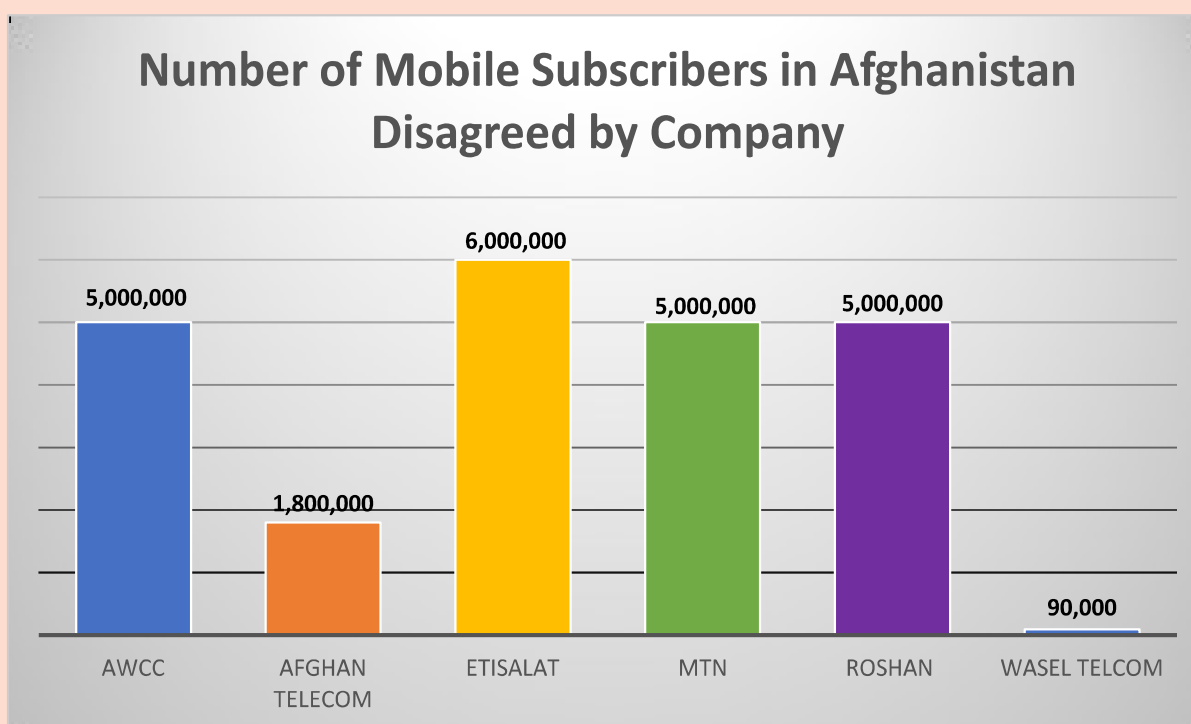
⁴ Interview with Zekria Hashemi, Legal Advisor of AWCC, conducted on 26 July 2017

neither the representatives of MoICT-ATRA nor MoF knew about the exact numbers of telecom service subscribers in the country. Whereas, according to statistics published on the homepage of MoCIT's website, the overall number of mobile subscribers in 2015 was 24,154,608 out of which 18,791,237 were active subscribers.⁵

Instead of providing exact figures, they asked AFCAC interviewer to collect service-provider disaggregated figures from each company. Moreover, representatives of some companies claim they regularly provide updated figures of their active subscribers to MoICT-ATRA.⁶ While no excuse could justify lack of information about exact telecom subscribers on the part of MoICT-ATRA representatives, there could be two potential reasons behind unavailability of exact data that were mentioned by representative of Etisalat Telecommunication Company:⁷

1. Changing nature of active subscribers, which increase/decrease on monthly or even weekly basis.
2. Constant switching of customers from one service provider to another due to a number of important factors such as price, quality of services, coverage area and others.

The representatives of telecom companies provided the following estimated figures about active subscribers of their relevant company.



When asked about enforced telecom-specific taxation laws, most respondents mentioned two laws, which currently regulate telecom sector and taxes imposed on it: 1) Income Tax Law (2010) and 2) Law on Telecommunication Service Fees (enforced since 2016). In addition, few also mentioned Telecommunication Service Regulation Law (enforced since 2010) and labor law that are applied to telecom sector. These laws specify rates of taxes and specific fees, which telecom companies shall pay to the government such as BRT fee, TDF fee, Spectrum fee, frequency fee, license renewal fees, CDMA channel fee, payroll fee and others. While the applicable fees are collected from companies, there seems to

⁵ MoCIT, 'Policy & Law' < <http://mcit.gov.af/en/page/public-documents/5622> > accessed 20 August 2017

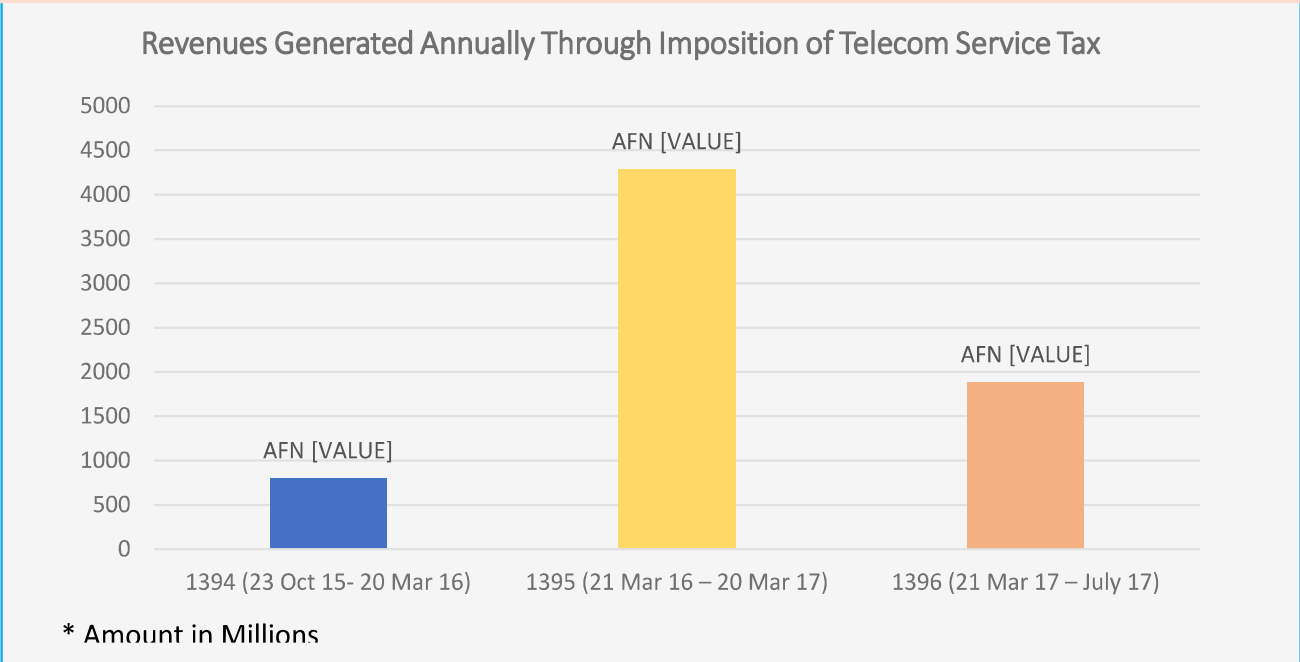
⁶ Interview with Mohammad Qahir Wardak, Government Affairs Manager of Roshan, conducted on 23 July 2017

⁷ Interview with Sayed Khalid Aziz, Legal Manager of Etisalat, conducted on 13 June 2017

be uncertainty on which entity really should determine the due amount. According to the representative of MoF, it is the duty of MoCIT and ATRA to specify the amount of taxes that shall be paid by each company⁸; whereas, MoCIT-ATRA representatives believe it is not their duty to determine the amount and collect taxes.⁹ Part of the problem is the absence of an effective mechanism/system and overreliance of assigned entities (ATRA, MoCCT & MoF) on the monthly reports of telecom companies. This suggests that until RTDMS is adapted, ambiguity in this area will continue to exist.

1.2 Revenues, Mechanism for Tax Collection and Transparency

Telecommunication sector is one of the few sectors that generates huge amount of revenues for the government. Most of the respondents did not have exact information on how much revenue has been collected since the imposition of telecommunication service tax. According to them, the amount of collected revenue is in fluctuation and increases/decreases from time to time, depending on the usage of telecommunication services by subscribers.

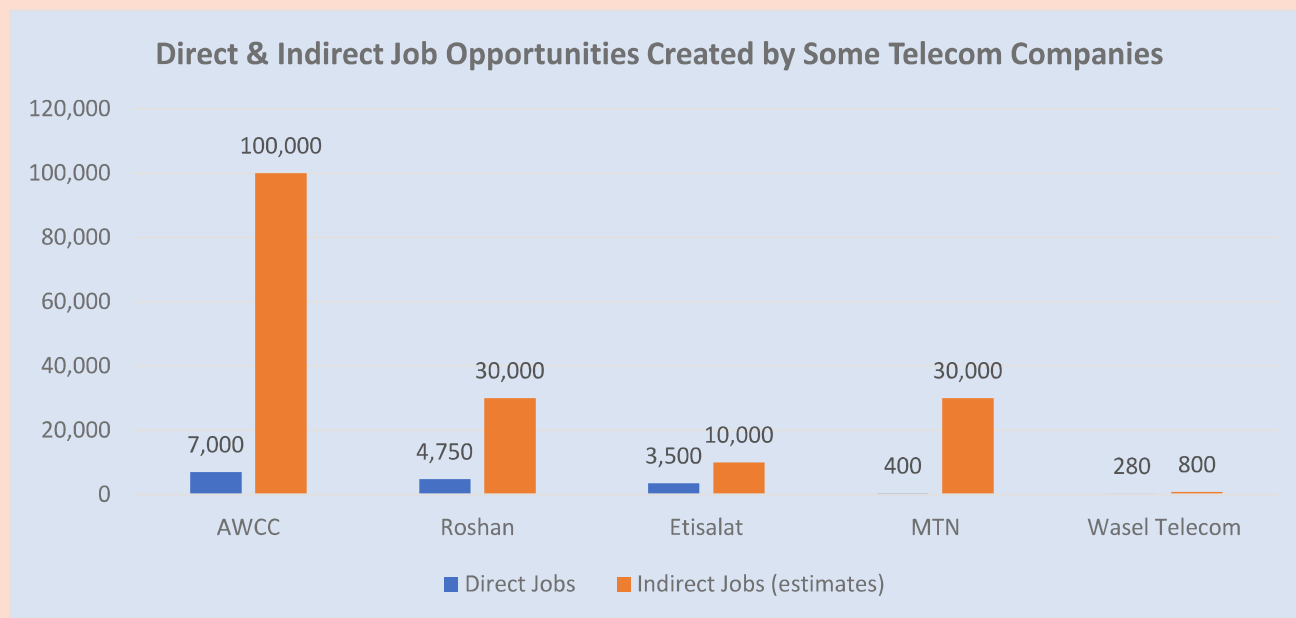


Overall a downtrend in collections of revenues has been recorded by the MOF since imposition of telecommunication service tax. This has also been confirmed by the representatives of telecom companies who have stated in their interviews that as the incomes of their companies have declined to some extent, they pay less taxes to the government than in the past which certainly affects revenues. However, some interviewees have attributed reduction in revenues to other factors. According to Shabir Ahmad, the representative of Wasel Telecom Company, withdrawal of international forces from Afghanistan, has caused high unemployment and reduction in personal income of individuals.¹⁰ As a result, people in general have become frugal and do not spend a lot on telecom services. Moreover, political instability and worsening economic situation have also contributed to such reductions.

⁸ Written information provided by head MoF revenue department

⁹ Interview with Nazir Hussain Raihani, Representative of ATRA and Member of Monitoring and Evaluation Department conducted on 2 July 2017

¹⁰ Interview with Shabir Ahmad, Chief Financial Officer of Wasel Telecom on 24 July 2017



Most representatives of telecom companies believe that imposition of telecommunication service tax has not severally affected their operations or planned expansion of services. According to them, the tax is collected from individual subscribers and is deposited in government's treasury; therefore, telecom companies neither gain nor lose anything. However, they acknowledged that the deduction of tax has had some impact on the usage of services by subscribers. In the opinion of telecom company representatives, since imposition of tax, the revenues of their companies have dropped to some extent because the subscribers are now paying an additional ten percent fees to use the same services they did in the past. Thus, they limit the usage of telecom services by the same rate of tax (10%) they pay to compensate the extra charges.

Mechanism

Based on the statements of respondents, there is a three-phase telecommunication tax collection mechanism that is run by a three-member committee. The functioning of the system and role of each member of the committee is briefly explained in the chart below.

Phase One: Receiving Reports

Telecom companies are using an electronic billing system (CBOS) which calculates the usage of telecommunication services by each subscriber and the amount of fees they pay for its usage. At the end of each month, the companies report their incomes and other data to ATRA.

Phase Two: Determining the Amount of Tax

The ATRA presents the report to other two members of the commission (MoCIT & MoF) and they calculate the amount of tax to be paid by each company based on their reports. Once the amount is determined, the MOF sends tax tariffs to each company for payment.

Phase Three: Issuing Tariffs and Follow-Up

The member of the commission, particularly the MOF, ensures that each company has paid its due taxes on time. In addition, the representatives of each entity in the commission, particularly ATRA, conducts inspections of the telecom companies and cross-checks the received reports against the records of billing system.

However, things do not proceed as smoothly as mentioned above. On the one hand, members of the commission complain that whenever they visit telecom companies to conduct inspections, their employees resist and do not allow the inspectors to do their job properly. According to representatives of commission, they make unjustified excuses and say that if the inspectors mishandle the system, it could disturb the operations and result in loss of records. If true, this is a concerning issue as improper inspections could pave the way for record tempering and corruption. On the other hand, the representatives of telecom companies claim that the system they are using is very sophisticated and leaves no chance of tempering. Whatever the truth of these arguments, for the time being both sides seem to have accepted the current mechanism and are somehow satisfied from its performance.

Transparency

One of the major concerns in relation to collection of telecommunication service tax is the issue of lack of transparency. A large majority of the people interviewed during this assessment have said that since corruption is widespread in many government institutions, including MoICT & MoF, it is very likely that the revenues collected from telecom subscribers might be embezzled. However, the representative of MoCIT rejects such claims and believes the government has established an effective mechanism, which guarantees

transparency.¹¹ According to him, “currently a three-member monitoring committee which is composed of eleven individuals has been established to oversee collection of revenues from telecom sector. So far, the monitoring committee has not noticed any violation in this regard or come across instances of non-compliance.” The representatives of private and government-owned telecom companies also expressed their confidence in the transparency of existing mechanism. However, it should be noted that the monitoring committee takes actions based on the reports they receive from telecom companies and its staff have limited capacity to independently verify authenticity of the such reports.

Telecom Service Tax Rates in Afghanistan and Region

The rates of telecommunication services tax differ from one country to another and are determined in accordance with their economic growth & policies. They are subject to change and might be imposed to encourage or discourage investment in the telecom sector. The following chart shows the rates of telecommunication service tax in South Asian countries which also include Afghanistan:

Country	GDP Per Capita (USD)	Telecom Fees	Remarks
Pakistan	1181	35%	High
Afghanistan	596	10%	Fair
India	1861	18%	Low
Iran	5757	9%	Very low

1.3 Role of Specific Institutions in Relation to Tax Collection done

The government has established a three-member committee to oversee the collection of taxes from telecom subscribers. Members of the committee come from ATRA, MoCIT, and MoF. The role of each institution in relation to collection is briefly described here.

ATRA

ATRA is a technical supervisory body that is established to monitor & regulate operations of telecom companies in Afghanistan. It receives monthly activity reports from telecom companies and its representatives should visit these companies at least once a month to evaluate the performance of their operating systems and cross-check received reports against available records of each company. In case of inconsistencies in the records or failure of service providers to deliver expected services, ATRA is authorized to impose penalties on them.¹²

However, it seems that due to several reasons (primarily lack of professional staff), the ATRA has not succeeded to perform its job effectively. The responses of interviewees suggest that since imposition of telecommunication service tax (23 October 2015), representatives of ATRA have visited each telecom company once or twice, except for Afghan Telecom (visited three times).¹³ ATRA often suffice on receiving monthly reports from companies and rarely takes actions. Hence, the government should consider

¹¹ Written information provided by technical advisor of MoCIT, *Supra*.n1.

¹² Interview with Nazir Hussain Raihani, *Supra*.n1.

¹³ Interview with Mohammad Sabir Momand, Director of Finance Department at Afghan telecom and Salam, conducted on 25 June 2017

it a major concern because gaps in inspection periods could be exploited by telecom companies to temper tax records and other crucial data.

In relation to tax collection, ATRA plays critical role in determining the exact amount of tax and overseeing their collection. The verified reports presented by ATRA to other two members of the committee and its inspection narratives are used as prime sources based on which the committee decides the amount of tax to be paid by each company.

MoCIT

In contrast to other members of the committee, the role of MoCIT is not very clear when it comes to collection of subscribers' taxes from telecom services. The four representatives of MoCIT mostly observe the process of tax determination and report back about the transparency of the process to their relevant ministry. In addition, they make sure that Law on Telecommunication Services Fees is implemented in compliance with other existent laws and policies that regulate telecom sector. Despite repeated requests from MoCIT authorities to provide exact information about their role, they only sufficed on providing the above summary information.

MoF

Like ATRA, the MoF is also part of a three-member committee and is actively engaged in the process tax determination & collection. Once the amount of tax to be paid by a company is determined, the MoF issues specific tax tariffs to each company, which they shall pay within a five-day period. After the tax is paid, the MoF informs other two members (ATRA & MoCIT).

In case of late tax payment, telecom companies will have to pay an additional 0.10% of the total amount as fine. However, responses of some telecom company representatives suggest that they rarely comply with this provision of law and often pay due taxes late.

The three-member committee will continue to work until telecom companies adapt RTDMS system and then these systems are connected to another centrally-controlled system which will be based in the MoCIT or ATRA. Moreover, according to article four of Law on Telecommunication Services Fees, duties & authorities of each entity tasked to implement this law shall be predicted in a separate regulation, which is yet to be drafted and approved.

Chapter Two: Impartial Scrutiny of the Tax by Experts and Civil Society

In this chapter, telecom subscribers tax is examined from independent professional point of view. The responses provided by interviewees to some of the questions are mostly negative and critical in nature. Furthermore, the replies of interviewees are generally based on personal experiences or their knowledge in the areas of legislation, taxation, telecommunications and others. Therefore, no statistics or graphs have been inserted to back the claims. The analysis and information in this chapter could be used as a reference by policy makers who are working to implement reforms in the areas of telecom taxation.

2.1 Telecommunication Service Tax from Experts' Point of View

The overall perception of experts, parliament members and representatives of non-governmental organizations about imposition of telecommunication service tax was negative and critical. While most of them agreed that imposition of taxes by the government for the purpose of generating revenue is one of the effective methods of moving towards self-reliance and lessening dependence on foreign aid, they objected to the absence of a system that is both transparent and effective. According to the director of Integrity Watch Afghanistan (IWA), the government cannot use the classic tax collection system to collect taxes from telecom companies.¹⁴ He believes that a separate sophisticated system such as Real-Time Database Management System (RTDMS), which is widely used in the neighboring countries and region, is required to be adapted in order to ensure transparency and restrict telecom companies from evading payment of due taxes. Similar views were also expressed by the representative of Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC), who emphasized on adaption of RTDMS to prevent corruption and embezzlement of revenues.¹⁵

Another major concern raised by the interviewees in regards to the collection of telecommunication service tax was the legality of the decision to impose tax. Since the government decided to deduct tax from subscribers on the basis of presidential decree in the first place, the respondents believe it was a unilateral decision and was taken in hurry. These include Mr. Musa Khan Nasrat, who is member of the lower house of parliament (Wolasi Jirga). According to Mr. Nasrat, the constitution of Afghanistan prohibits the President from issuing decrees in relation to financial affairs (?).¹⁶ That is why, he believes, most parliament members rejected President's decree in the first place and they only approved it when changes were brought in the relevant draft law. Mr. Sultani, a well-known specialist in the area of taxation, also questions the legitimacy of the decision to collect telecommunication service tax from subscribers.¹⁷ In his view, the President does not have the authority to issue decrees on financial issues and the subsequent law, which was drafted, based on this decree is more of a political instrument rather than a legislative decree. However, he did not further allude on how the president intends to use it for political purposes.

Meanwhile, among others, two of the interviewees suggested imposition of tax on telecom companies rather than subscribers. Abdullah Ahmadi, representative of local Civil Society Organization (CSO) believes that the current telecommunication service tax is too much for an ordinary citizen; therefore, it should be charged on telecom companies.¹⁸ Likewise, Saifudin Saihoon, lecturer of economics at Kabul University is of the opinion that lack of transparency in collection of telecommunication service tax will force people to reduce their telecommunication expenditures, which will eventually result in the reduction of revenues of telecom companies.¹⁹ Therefore, a better alternative could be imposition of tax on telecom companies, which will not compel people to reduce their spending on telecommunication services, and will not affect incomes of telecom companies. The Representative of NAI, a local media monitoring organization, also believes that direct deduction of taxes from costumers can affect their freedom of speech and access to information.²⁰ He indirectly suggests that the government should charge telecom companies a small amount as tax.

The respondents expressed mixed opinions in regards to fairness of imposition of ten percent tax. Most of them believe that since a considerable portion of the population lives under line of poverty (World Bank-

¹⁴ Interview with Sayed Ikram Afzali, Executive Director of IWA, conducted on 17 June 2017

¹⁵ Interview with Mohammad Fayez Sahak, Representative of MEC, conducted on 14 June 2017

¹⁶ Interview with Musa Khan Nasrat, Member of communications commission of Wolesi Jirga, conducted on 9 July 2017

¹⁷ Interview with Niamatullah Sultani, Taxation expert, conducted on 9 July 2017

¹⁸ Interview with Abdullah Ahmadi, Representative of Civil Society Joint Working Group, conducted on 11 June 2017

¹⁹ Interview with Saifuddin Saihoon, professor of Economics at Kabul University, conducted on 15 June 2017

²⁰ Interview with Abdul Mujeb khilwatgar, Executive Director of NAI, conducted on 13 June 2017

MoE reports indicates 36% of Afghans are living below poverty line) it is an extra burden for them to pay such a high tax. In order avoid payment of telecommunication tax, the poor will reduce usage of telecom services or deduct small amounts of money dedicated to other household expenditures to meet telecom costs. In either case, the regular usage of telecom services and access to information of an ordinary citizen will be adversely affected. Therefore, a number of respondents have suggested creation of a special system by the government, which gives tax relief to lower-income segments of the society. As a result, a person spending AFN 500 will not have to pay the same rate of tax of another person who spends AFN 5,000 per month on telecom service usage.

On the other hand, some interviewees were in the favor of tax discrimination. According to them, all types of taxes, including telecommunication tax shall be equally deducted from all citizens, regardless of their income. They reasoned that telecommunication service tax is charged according to usage of telecom services and since poor people make less calls or rarely use internet services, they do not pay a high tax. Furthermore, applying dual tax collection system will pave the way for tax evasion and eventually lead to promotion of corruption.

Despite having diverse views on fairness of telecommunication service tax, there was consensus among respondents that people will willingly pay taxes, if the government ensures its transparency and proper spending. In their view, telecom tax has been imposed recently in Afghanistan; however, people in other countries have been paying this for decades. Hence, to reduce dependence on foreign aid and strengthen financial foundations of the country, collection of telecommunication service tax is inevitable.

The responses of interviewees in regards to peoples knowledge of tax collection mechanism and its spending indicates that after passage of two year, the government is yet to provide proper awareness on this issue to the public. Even most of these individuals, who have background in tax collection and other relevant fields, were not fully aware of the system that is in place for this purpose. The confessions of the former telecommunication minister (Abdul Raziq Wahidi) about inexistence of an effective tax system and collection of uncertain amount of revenue, during a press conference, could be cited as good example in this case. In her remarks, Ms. Gulalai Akbari who is a member of the upper house of the parliament (Meshrano Jirga) admitted that she was unable to provide satisfactory answers to her constituents, whenever she was asked about the amount of revenue that is generated from telecommunication tax.²¹ The director of IWA, who is also chairing the Access to Information Commission, expressed similar views.²² According to him, the National Unity Government (NUG) has so far not provided adequate information on amount of tax collected from subscribers, whereas, relevant Ministries should provide regular briefing to the public to promote transparency.

Meanwhile, in addition to concerns about collection of income from telecom sector, the respondents also emphasized on government's responsibility to brief citizens on how the collected revenue is spent. In general, they believed that as infrastructure and public services in Afghanistan remain poor, the government should devise a plan on how it intends to spend revenues on improvement of these key areas. Furthermore, the reluctance of people to hold government accountable for proper spending of revenues was underlined as a major obstacle that promotes a culture of impunity. According to them, if Afghans do not hold their government accountable for spending, as people in other countries do, it is less likely that corruption will be eliminated from government institutions in the near future. Hence, it is crucial for the government to establish transparent accountability mechanism and regularly briefs citizens on the amount of collected taxes and how/where, they are going to be spent. Otherwise, people will not trust government's assurances of transparency and will look for other avenues in order to evade payment of taxes.

²¹ Interview with Gulalai Akbar, Deputy of communications commission at Meshrano Jirga, conducted on 12 June 2017

²² Interview with director of IWA, *Supra*.n13.

Majority of the respondents believe that in the absence of a proper system (RTDMS), tax collection mechanism is not as transparent as it should be. According to them, neither the public nor most government officials know how much tax is collected and where is the money deposited. Even members of the parliament, who have the duty to oversee performance of government entities and scrutinize authorities, are not fully confident of the transparency of the process. Mr. Sultani, a well-reputed taxation specialist believes that when it comes to collection of telecommunication service tax, the government relies on the reports it receives from telecommunication companies, and the MoCIT does not have the capacity to verify such reports independently.²³ As a result, companies have the opportunity to temper their records and show less income in their tax records.

This seems a valid concern, especially considering the existence of a large number of unregistered mobile phone subscribers in the country. He even claims that one of the major reasons behind imposition of telecommunication service tax is to fill huge revenue deficits, which has grown rapidly in recent years. However, in the absence of accurate tax records of currently operating telecom companies, it is difficult to verify such claims.

2.2 A Brief Comparative Analysis of Telecom Tax and Issues of Transparency

Imposition of tax on different sectors depends on the taxation policies and priorities of each government. While imposing tax on a specific sector, governments consider several factors such as encouraging growth, attracting direct foreign investment, promoting competitiveness and others. The responses of interviewees suggest that they did not exactly know whether the imposed tax on telecommunication sector is high or low and if it complies with government's financial and taxation policies. Some of them have said that the current rate of imposed tax is higher in comparison to taxes charged on other sectors; however, except the representative of Civil Society Organization (CSO) who mentioned charging of two percent tax on commercial activities, the rest did not specifically mention the exact percentage of tax imposed on other sectors.²⁴ Moreover, a number of respondents were of the opinion that the government shall not view the telecom sector as a revenue-generating instrument that could be utilized to fill the void of foreign aid. Instead, it should look for and identify other revenue-generating sources such as mineral extraction, transit taxes and others to fill the current budget deficit (percentage to be included).

Meanwhile, several interviewees were also critical of imposition of tax on mobile subscribers. They believed that the telecom sector is yet to expand its services to rural areas of the country and bring a considerable portion of the population under its coverage. Therefore, to contribute to digital inclusion of local populace in such areas, the government should provide subsidy to the telecom service subscribers, instead of imposing further taxes. They were also concerned that the burden of such a high tax would force subscribers to decrease their usage of telecommunication service, which will reduce profits of telecom companies in the first place and then eventually discourage potential foreign companies that are looking for investment opportunities in the telecom sector in Afghanistan.

2.3 The Effects of Telecommunication Tax on People and Businesses

The interviewees expressed conflicting views when they were asked about the impact of telecommunication service tax on people's access to information. On the one hand, representatives of CSOs and other non-governmental entities were concerned that access to information, which is a basic right of every citizen, will be somewhat affected by telecom tax. According to them, if mobile service subscribers are paying additional ten percent charges to use similar services as they did in the past, this means in return they will automatically reduce their usage of internet and mobile services by the same percentage. As a result, the youth, which makes a large chunk of mobile service users will less frequently use social networks and browse news websites.

²³ Interview with Niamatullah Sultani, *Supra*.n16.

²⁴ Interview with Abdullah Ahmadi, *Supra*.n17.

On the other hand, those associated with private sector and government believe that the amount of tax that is currently deducted from mobile subscribers is not huge and will not affect citizens.²⁵ They believe that a large majority of telecom service users, especially social networks, are educated youth who mostly live in urban centers. A considerable number of these youths are either working for international organizations or private companies or have a regular source of income; hence, they are not as vulnerable as people paying other types of taxes such as income tax, property tax and others.

Whatever reasons both parties may present to justify their points of view; the fact is that imposition of tax on telecommunication services has direct and indirect effects on people's access to information. In the case of youth and women, who are financially dependent on their parents and other family members, the impact may not be personally felt by them, but those who pay for their mobile costs.

Furthermore, interviewees also expressed their concerns about hindrance of digital inclusion of people living in rural areas. While in the absence of accurate figures & statistics it is difficult to determine how the telecommunication service tax will impede digital inclusion, analysis of a number of other relevant factors to some extent could provide answer to this question. One such factor, mentioned by most respondents during interviews, is the disparity in the level of income of people living in rural areas, which is generally lower than that of urban dwellers. Considering this fact, rural populace prioritize their spending and usage of mobile services remains in the bottom of their priority list. Since telecom companies tend to cover urban centers and areas where people could afford its services, rural areas usually get ignored. As a result, the digital inclusion of people living in these areas is indirectly impeded and it takes years or even decades for people of these areas to have access to same services as those of urban centers. The same is true about residents of a number of provinces and districts in Afghanistan, who are yet to have access to telecom services such as 3G, 4G and mobile money services.

In addition, insecurity is another factor that hinders digital inclusion of people in rural areas. It is an open secret that in several insecure areas, telecom companies pay insurgents to avoid targeting their mobile antennas. Since incomes of mobile service providers in these areas are already low, it is likely that they will shut their antennas because they are no more economically viable. Hence, people are deprived of access to mobile services and do not integrate into digital society.

The respondents seemed divided when they were asked if imposition of telecommunication service tax would affect cost of doing business in Afghanistan. Some of them believed that businesses, which heavily rely on mobile and internet services, would be surely affected by the tax. According to Mr. Sultani, if a local import & export company used to make a 1000 minute international telephone call per day to major business hubs in the region such as Dubai or India, they now have to pay an extra ten percent cost to make such calls.²⁶ Since these companies care a lot about cost of doing business, it is likely that they will reduce their talktime or add the extra ten percent cost to the products they import. In either case, the telecommunication service tax affects businesses and eventually it is the company or an ordinary citizen that bears the burden of taxes.

On the contrary, a number of interviewees are of the opinion that the currently imposed tax is not very high and might not affect the cost of doing business. In their view, past examples show that whenever the government has imposed a new tax or increased the percentage of an existing tax, traders have charged them to the products and in the end, the consumer pays the tax not the trader. Furthermore, they add that not all businesses are heavily reliant on mobile or internet services and only major companies and corporations are engaged in import & export business. Hence, the imposition of telecommunication service tax will not have significant impact on cost of doing business and although some companies or major corporation might be affected, a large majority will continue doing business as usual.

²⁵ Interview with Siamuddin Pasarlai, Spokesperson of AICC, conducted on 14 June 2017

²⁶ Interview with Niamatullah Sultani, *Supra*.n16.

2.4 Exploring an Alternative to Subscribers Tax

The questionnaire used for in-depth interviews posed a hypothetical question to interviewees. It asked their views about imposing service tax on companies rather than subscribers. The responses suggest that majority of them are not in the favor of this alternate. The interviewees believe that telecom companies are already paying different types of taxes such as income tax, import tax and others; therefore, imposing additional taxes would make it difficult for them to operate in the country. Moreover, the operating costs of these companies are already high and they pay huge amounts for the security of their facilities, something that is not usual in other countries. In addition, imposition of further taxes will discourage foreign investors who are looking for opportunities to invest in telecom sector. As a result, there will be few functional telecom companies; they would monopolies the market, and keep rates of services stable. Some respondents believe that since subscribers are paying telecommunication service tax, it is the duty of telecom companies to reduce tariffs and improve quality of their services.

Few other respondents did not agree with this notion. In their view, telecom companies have already profited billions of Afghani and in the last fifteen years, the government charged them a minimal amount of tax. Thus, it is time to first deduct ten percent telecommunication tax from their income and then gradually shift the tax to subscribers. Mr. Saihoon who serves as lecturer in Faculty of Economics of Kabul University strongly supports this argument.²⁷ According to him, “telecom companies should pay the tax from their net income through a transparent procedures and mechanisms because it is easy for the government to know the exact amount of their incomes.”

The following alternatives were also put forward for further discussion and scrutiny:

- Giving tax relief of up to a certain amount to poor people.
- Gradual increase in deduction of telecom service tax similar to that of salary
- Postponement of tax collection for some time until the GDP per capita increases
- Reduction in the percentage of telecom service tax

However, none of the proposed alternatives attracted popular support from interviewees. In their opinion, payment of taxes by subscribers is something very usual across the world and the percentage of the deducted tax in Afghanistan is comparatively low. Moreover, they added that implementation of each of the proposed alternatives will require additional resources, technical skills and lengthy procedures. Therefore, for the time being, the telecom subscribers' fees is the best choice for the government to generate revenues.

Chapter Three: Public Opinion, Impacts and Expectations

²⁷ Interview with Saifuddin Saihoon, *Supra*. n18.

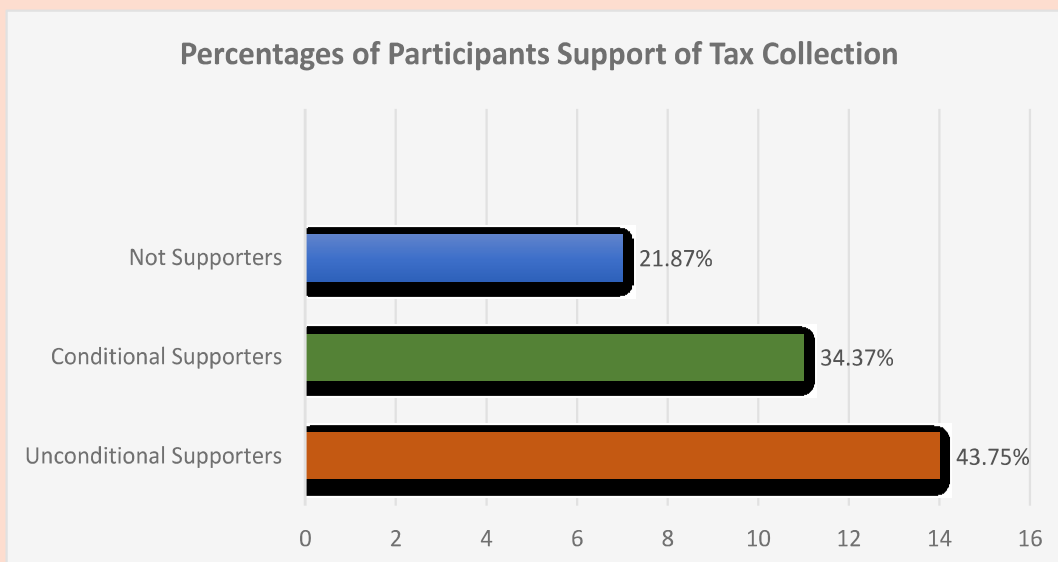
This chapter is comprised of people's views that were expressed during FGDs and public opinion survey conducted by AFCAC. In view of the fact that public knowledge on specific technical issues such as taxation is limited in contrast to those who are working in this area or have background information, the questionnaire contained very simple questions. As a result, the given responses are also very general and mostly revolves around their personal experience of tax payment or telecom service choice & usage.

3.1 People's Perceptions on Imposed Telecommunication Service Tax

The perceptions of respondents about collection of 10% telecommunication service tax was generally positive. A large number of them supported collection of taxes from subscribers and believed that similar to people in other countries, Afghans should also pay taxes. In their view, the government should identify alternative sources of income that could fill the financial void created by reduction of foreign aid. Moreover, the respondents believed the constitution of Afghanistan (articles 42) authorizes the government to collect taxes according to the law; therefore, it is the duty of every citizen to pay their due taxes. However, not all respondents blankly supported the collection of tax from telecom tax from subscribers and mentioned a number of terms and conditions that should be fulfilled by the government before they could extend their full support. Overall, based on the given responses, interviewees could be divided into the following categories:

- **Unconditional Supporters of Tax Collection:** those who fell into this category fully agreed with government's justification that it needs to collect taxes in order to increase revenues and lessen dependence on international assistance. According to them, revenues will contribute to strengthening of national budget and will enable the government to invest more on basic public services such as health, education, electricity and others.
- **Conditional Supporters of Tax Collection:** some of the respondents supported the notion of tax collection, but at the same time set forth terms and conditions under which they will agree to pay taxes. These terms mainly included establishment or adaption of an effective tax collection system which minimizes corruption as well as assurance of the transparency of the process by the government. Conditional supporters believe that if these reforms are not implemented, it is very likely that revenues will go to the pockets of few corrupt officials and only a tiny amount will be deposited in government's treasury.
- **Those Who Do Not Support Tax Collection:** Few participants did not support imposition of tax on telecom subscribers. In their view, a large portion of population in Afghanistan is living under the line of poverty and they hardly earn enough money to pay for their basic expenses. Therefore, imposing additional taxes, even though only a tiny percentage will put extra burden on their shoulders. Moreover, they cited the example of mismanagement of foreign aid, which has not been spent properly and believed that revenues from generated from telecom subscribers could similarly be wasted.

Please refer to the chart below to know about the exact percentages of each categories supporters:

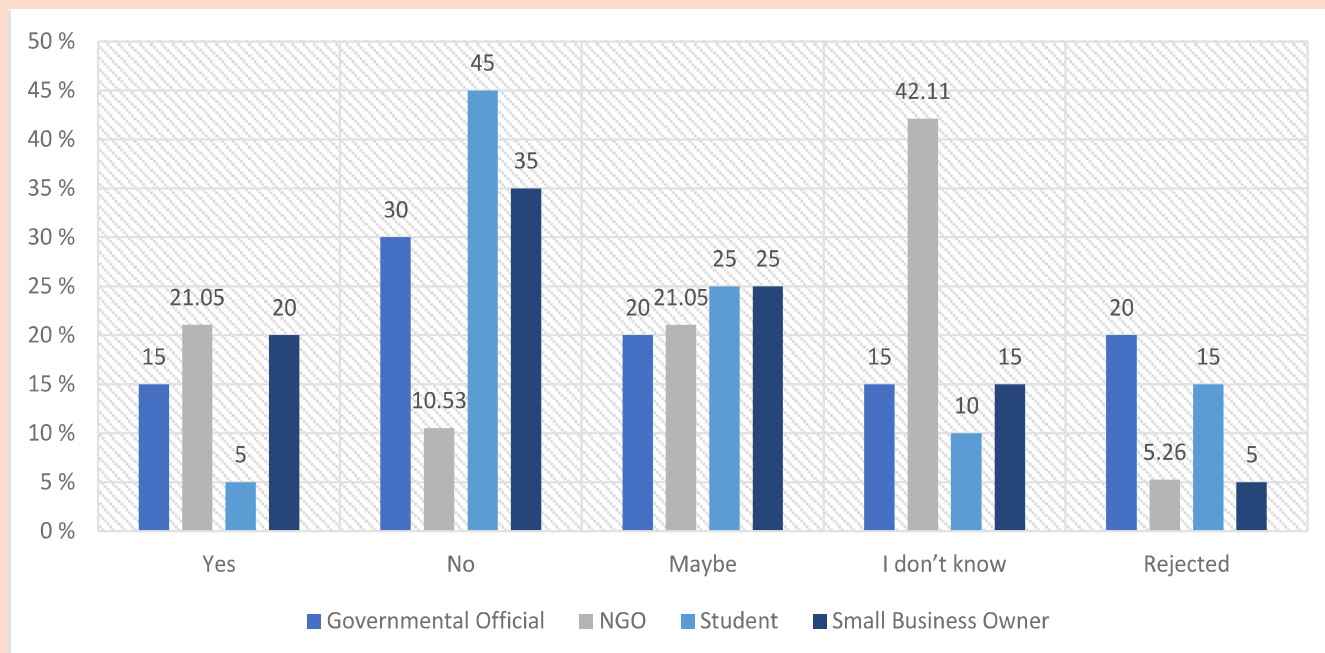


In addition to ensuring efficacy and transparency of tax collection, the respondents also emphasized on governments accountability when it comes to spending the collected revenues. In their view, it is equally important to spend the money properly on the areas, which could help alleviate poverty and improve people's living standards. Among others, the important areas identified in this regard by the interviewees were security, health and education. Furthermore, there was consensus among FGD participants that the government should regularly brief people about the amount of collected taxes and that every citizen should have access to the documents in this regard.

Unlike FGD participants, the level of support for imposition of telecom subscribers' tax was very low among all categories of participants of public opinion survey. As shown in the table above, respondents have chosen 'not at all' option more than any other has. The support for subscribers' tax was lowest among students (65%) followed by NGO workers and small business owners (both 55%). Whereas, compared to all other groups, less government officials had selected 'not at all' option (30%). Oppositely, imposition of tax had attracted some level of support among small business owners (25%) and NGO workers (15%) who had chosen the option 'very much support'. Ironically, only five percent of government officials had chosen 'very much' support option. Hence, it could be said that due to several factors such as lack of awareness, doubts about transparency, prevalent corruption and others, people do not support imposition of subscribers' tax and government needs to take concrete steps to address these concerns.

	Government Officials	NGO Workers	Students	Small Business Owners
Very much	5	15	10	25
Some	10	10	10	
A little	35	15	10	10
Not very much	20	5	5	10
Not at all	30	55	65	55

Like imposition of subscriber's tax, there seems to be little support among people on replacing foreign aid with national revenues. This is evident from the responses given by survey participants to a similar question in the survey form. On average, 12% of responses from all participants were in the favor of replacing foreign aid with national revenues (telecom tax), whereas, 30% had selected the 'no' option in this regard. An interesting thing noted in the responses, was the high level of uncertainty and lack of knowledge on the part of people about whether such a thing should be done by the government. On average, around one-fourth (22%) of the participants had said maybe the government should replace aid with tax while another 20% had said they do not know if that is a good idea. The results indicate the urgency of launching public awareness campaigns by the government about highlighting positive aspects of tax collection.



Survey participants' trust on the government in relation to spending of collected revenues from telecom subscribers on public services was alarmingly low. Only five percent of NGO employees had said that they believe the government will spend the revenues properly on improvement of services. The rest of the participants' categories had not selected the 'yes' option at all. On the contrary, an average of 38% respondents from all categories had chosen the 'no' option and had stated that they do not believe the government will do so. Moreover, 20% of the survey participants were not sure if the government would spend the revenues properly. From the results, it can be deduced that less people believe in assurances given by the government in contrast to those who are unsure or do not believe so.

3.2 Public Awareness on Tax Collection and Its Transparency

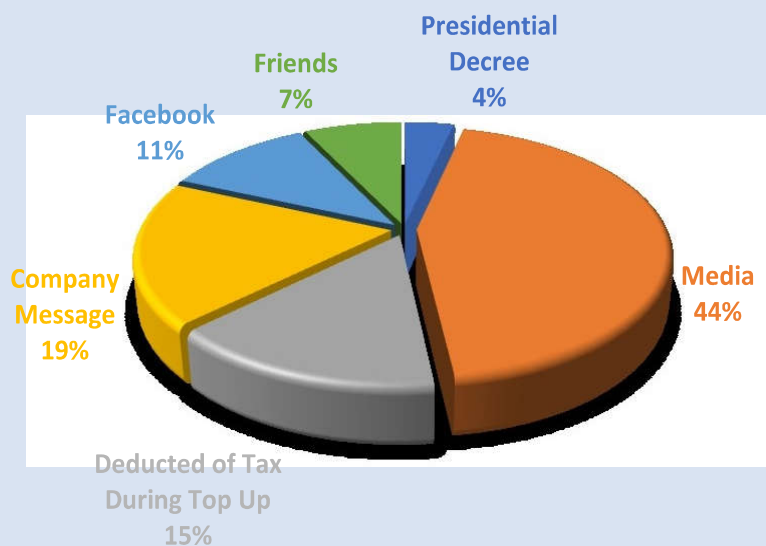
When participants were asked about the legal basis of tax collection from telecommunication services, majority of them did not exactly know why and based on what law is tax collected. Most of them thought the 10% tax is deducted based on the presidential decree, while few believed it is the right of the government to decide when and how taxes should be imposed. Moreover, there was also conflict of opinion on the legality of the decree based on which the Law on Telecommunication Service Fee was drafted. Out of them, one group believed that since the parliament rejected the decree in the first place, it has no legal value and shall be deemed void. In contrast, another group seemed to have detailed information about the background of the decree and believed that since the objection of MPs were taken care of in the improved version of the law, it was passed by the parliament and carries the same legal weight as any other law. However, none of the respondents could name the exact title of the law based on which the subscribers pay 10% telecommunication service.

Article 42 of the Constitution of Afghanistan

“Every Afghan shall pay taxes and duties to the state in accordance with the provisions of the law. No taxes or duties shall be levied without legal representation. Tax rates and duties as well as the method of payment shall be determined, with due respect to social justice, by law. This provision shall also apply to foreign individuals and organizations. Every kind of tax, duty as well as paid incomes shall be deposited to a single state account.”

Another relevant question that was asked from FGD participants was about the source through which they first became aware of the imposition of telecom subscribers tax. Around 44% of the respondents said they first became aware through media followed by those (19%) who had received text messages from their service providers. Facebook (11%) and friends (7%) also played key role in people’s awareness. Only 4% of the participants had said they first got the news of tax imposition after the President issued the decree. However, it is unknown how they heard about the decree in the first place. These findings indicate that media plays greater roles in the awareness of Afghans about several issues and government could use it to raise people’s awareness about a number of issues, including tax.

Sources of Respondents Awareness about Telecom Tax



Lastly, as mentioned in several parts of this assessment, one of the main concerns that people have in regards to tax collection is the issue of lack of transparency. Many people believe that due to rampant corruption in every government department, it is hard to imagine that all taxes collected by the government is deposited in the state treasury. Participants of AFCAC public survey expressed similar opinions. Only 5% of NGO workers and small business owners think telecom subscribers tax is collected transparently. In

contrast, an average of 52% responses from all categories did not believe it is collected transparently and 22% were not sure, hence, they had chosen ‘maybe’ option.

	Government Officials	NGO Workers	Students	Small Business Owners
Yes		5		5
Maybe	45	5	25	15
No	40	50	55	65
I don’t know	15	40	20	15

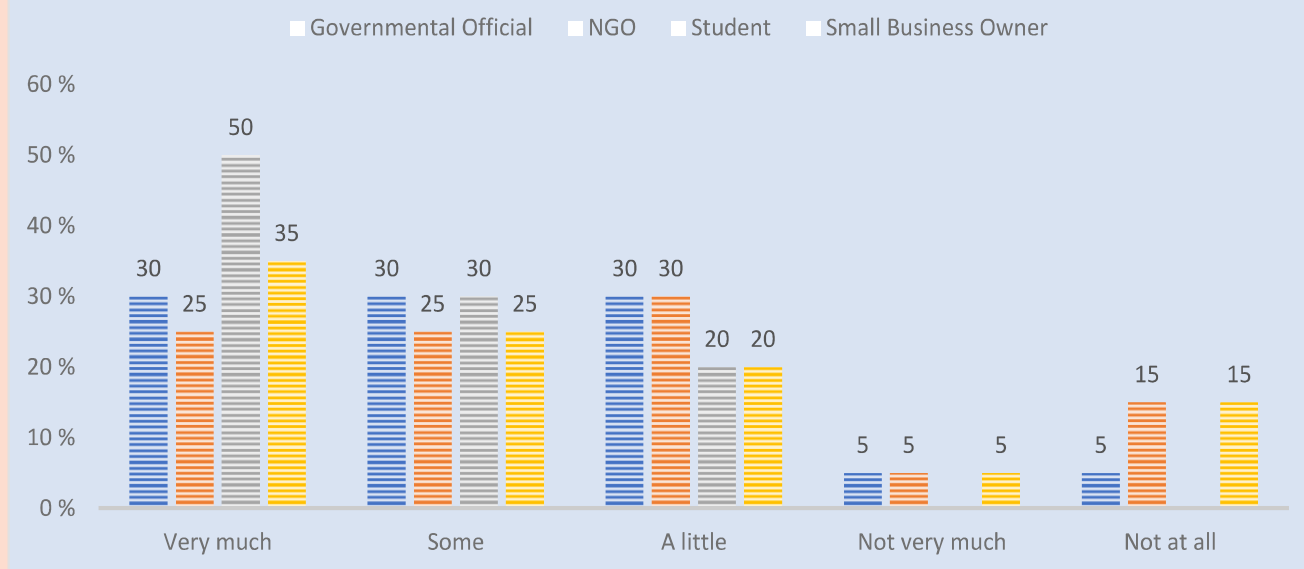
3.3 Personal impacts

It seems the imposition of telecommunication tax did not have much effect on usage of mobile and internet by subscribers. Out of 32 FGD participants, nearly two-third of them (19 respondents) stated in their responses that they use similar volume of telecom services as they did in the past. However, the remaining 13 interviewees accepted that the new tax has affected their usage of services because they now have to pay additional 10% fees to use similar services they did prior to imposition of tax. The responses of FGD participants from Dasht Barche, a working-class neighborhood located in the western part of the city indicate that people living there are very much affected by telecom tax. Five out of six participants from Dasht Barche admitted that now they make few calls and use less internet than before. In contrast, only one out of six participants from Karte Naw area stated that the tax has changed his internet usage habit. The responses of FGD participants from the remaining three neighborhoods (Khair Khana, 7th District and Darul Aman) suggest that people are equally (3 out of 6) affected by the tax. Hence, it could be said that telecom service tax has affected people who mostly belong to lower-income class and earn less compared to other social classes.

During focus group discussions, the participants were asked to put themselves in the shoes of entrepreneurs and think about potential effects of telecom service tax on their businesses. Surprisingly their responses were contrary to what was expected and most of them stated that the tax would not have any negative impact on their businesses. In the opinion of respondents, business people have enough money to deal with increasing telecom charges and will always find alternative sources to compensate additional fees. Speaking from experience, some said that business people always add taxes to prices of commodities and put extra burden on the shoulders of ordinary people. As a result, imposition of tax is often followed by hike in prices of basic goods. Meanwhile, there were few (only seven out of 32) who thought imposition of taxes affect everyone, particularly businesspersons. It is because they are in constant contact with a number of people such as factory owners, suppliers, transporters, custom officials and others. Therefore, businesses owners incur additional costs and pay more telecom taxes in contrast to public servants or other groups of people who usually use lesser services. Hence, entrepreneurs are more vulnerable to increasing taxes and government should provide relief to some of them, particularly those who have recently started businesses, in order to give their businesses an opportunity to flourish.

Unlike participants of FGDs, when survey participants were asked about personal impact of telecom subscribers’ tax, an average of 35% participants from all categories admitted that it has affected them personally. The impact seems to be considerable on students because half (50%) of them have said that the tax has ‘very much’ influenced their usage of mobile and internet services. NGO workers were the least affected as only 25% of them had said they are very much affected by the tax. On the opposite, only 15% of NGO workers and small business owners followed by 5% government officials had stated that the tax did not affect them. None of the students who participated in the survey said that tax had not affected them.

Effects Of Subscribers' Tax On People



3.4 Expectations from the Government

The expectations of participants from the government were mostly general and idealistic in nature. They wanted the government to ensure transparency of tax collection mechanism and proper spending of revenues that are generated from this sector. When participants were asked if they expect the government to give relief to persons with low income or exempt them from payment of telecom tax, they largely rejected this idea. In their opinion, once the government imposes taxes, every citizen is obliged to pay it and there shall be no exceptions in this regard. Otherwise, everyone will evade taxes by counting himself or herself poor and in the end there will be few taxpayers. This will reduce government's revenues and force it to seek international assistance even for implementation of minor projects.

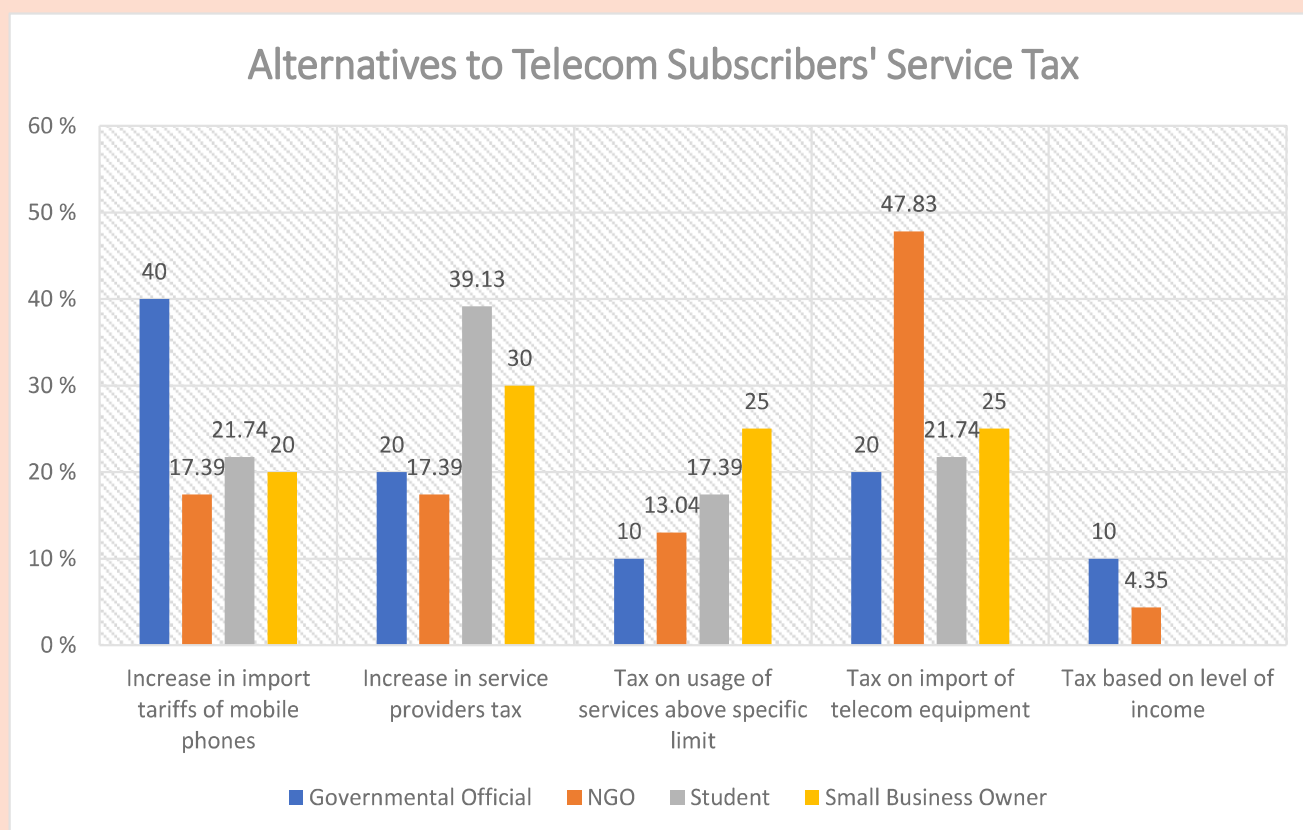
On the other hand, some participants favored tax relief for poor people. In their view, a large portion of the people in Afghanistan, especially those living in rural areas, are suffering from poverty. They have limited income that is hardly enough to meet their daily expenditures; therefore, it is important to give them some sort of tax relief. They point to the example of tax deduction from salaries, which is divided into different categories, and salaries up to certain amounts are either exempt from tax or pay a very low percentage. Thus, they demanded that similar approach should be applied to avoid putting extra burden on shoulder of poor people.

Lastly, the respondents seemed divided when asked if they expect the government to push telecom companies improve quality of their services. In general, they argued that since the constitution has predicted free market system, the government has no right to dictate to telecom companies what and what not to do. Moreover, subscriber taxes are collected by the government not telecom companies; therefore, it is the duty of the government to provide facilities for the companies and indirectly contribute to improvement of telecom services. In the view of respondents, giving government the right to intervene in the affairs of telecom sector could give it an opportunity to design policies that are in the favor of government-owned telecom companies. This might disrupt competition among telecom service providers and tip scales in the favor of government companies.

To avoid such situation, some respondents believe government should adapt strategies that pave the way for its indirect intervention in telecom sector. These include reducing service fees of government-owned

telecom companies to encourage competition, exempting modern telecom equipment from import tax to boost innovation, allotting land to telecom companies to construct more facilities for expanding their operations and others. In the end, they emphasized that all companies should have equal chance to take advantage of these incentives and none should be preferred over the other.

Meanwhile, participants of survey were offered several alternatives to subscribers' tax in the survey form, out of which they had to choose the one they thought was the best. On average, 28% of participants from all categories had selected tax on import of telecom equipment as the best alternative followed by increase of tax on service providers (26%) rather than subscribers. This is in contradiction with views of FGD participants who have said that the companies already pay several types of taxes and imposition of new or increase of further taxes will not only reduce telecom companies' revenues, but also discourage further investment in this sector. Surprisingly, deduction of tax based on level of income had gained little support among the participants and only 3% had chosen it as the best alternative.



These findings suggests that there is consensus among people on equal implementation of tax laws in the country. Participants of FGDs and public survey both believe that there shall be no exceptions to payment of taxes on any basis. If the governments wants to help poor and vulnerable sections of the society, it should use other alternatives that indirectly serve this purpose.

Challenges

Like collection of taxes from other sectors, the process of gathering revenues from telecom service subscribers faces a number of challenges. They have existed for the last two years (from the time of imposition of telecom service tax) and seriously hamper transparency and efficiency of the system. However, the government is yet to take concrete steps to resolve these challenges, which have also resulted in low public trust on the taxation system. As a result, government revenues from telecom sector is likely to decline and this will eventually affect government income. Some of the main challenges identified by respondents are as following:

- **Absence of an effective mechanism:** currently there is no effective system or mechanism in place for the collection of telecom subscriber's tax. The existing three-member committee, which is composed of eleven staff, is not capable of monitoring telecom service providers effectively and nor can they independently verify the large volume of reports they receive on monthly or quarterly basis from these companies. Furthermore, the completion of procurement process of RTDMS might take some time to be completed. Hence, corrupt officials could use this as an opportunity to embezzle money and make private gains.
- **Uncertain responsibilities:** there is uncertainty among committee members on which ministry is the prime implementer of the telecom subscriber's tax law and who should collect taxes from telecom companies. The interviews conducted for this assessment indicate that the representatives of MoF believe MoCIT has to lead the process and vice versa. Unless relevant measures are adapted, ambiguity in this area could further affect the existing mechanism and even result in its failure.
- **Legal loopholes:** in addition to other issues, legal gaps in the law and policies that regulate telecom sector is a huge challenge, which requires urgent action. Most of the enforced laws have been copied from laws of developed countries and ground realities have not been taken into consideration in this regard. As a result, the government has neither the resources to implement them properly nor the expertise to identify the violators and punish them.
- **Shortage of professional staff:** in order to collect revenues from telecom sector, the government need professional staff to run the tax collection system. Whereas, the current members of the committee lack such expertise and nor have educational background in this area. Even when the government adapts RTDMS, it will require professionals to operate the system. Therefore, appropriate steps are required to be taken by authorities and policy-makers in order to address this key issue and prevent occurrence of interruption in the process.
- **Low public awareness:** the awareness of people about tax collection system, particularly telecom subscriber's tax was alarmingly low. The government did not launch any campaign to raise people's awareness about collection of telecom tax prior to its imposition. Most of the people have said in their interviews that they became aware of such tax days and even weeks after the government took such a decision.
- **Insecurity:** insecurity has also negatively influenced operations of telecom companies across the country. In many insecure areas, insurgent groups target telecom antenna sites and cause huge damages to service providers. For instance, more than forty MTN sites have so far been set on fire in insecure areas. Each site cost around USD 200,000 and in the absence of insurance, it is a huge loss. As a result, companies are forced to pay taxes to the government on the one hand and extortion money to the Taliban on the other in order to continue their operations. Continuation of

this situation might discourage investment in telecom sector and reduce revenues of the government in the long-term.

Policy Recommendations

In the earlier sections, it was largely stated that people and to some extent authorities have limited knowledge about tax collection mechanism and are doubtful about the transparency of the process. Therefore, it is important for the government to consider these concerns seriously and take concrete steps to address them. In order to do so, the government, especially the policy makers should:

- Adopt a sophisticated system such as RTDMS to collect taxes from telecom companies. Although some officials have said in their interviews that they have begun the process to procure RTDMS, they need to expedite it further. It is important to mention that in the absence of an effective system, it is less likely that the government will achieve the target it has set for collecting revenues from telecom sector. Moreover, it will make it easy for the authorities to embezzle the revenues and provide opportunity for telecom companies to evade payment of due taxes.
- Define responsibilities of each member of the committee clearly, and address the existing legal loopholes in the telecom laws and policies. As stated earlier, uncertain division of responsibilities is a huge issue and solving it will help improve efficiency of the committee and will prevent duplication of work. The Telecom Service Tax Law also obliges the government to draft a specific regulation for this purpose. Moreover, experts must review the existing laws that regulate telecom sector and shall update them in order to make them compatible with international standards.
- Raise public awareness and regularly brief public on the amount of tax collected from telecom service subscribers. According to Telecom Service Tax Law (article to be mentioned), MoF and MoCIT are obliged to hold frequency (to be specified) press conferences and announce the amount of revenue they have received. Similarly, authorities should also explain plans for spending of the income on improvement of public services such as health, education, electricity and others. This will help restore public trust on transparency and efficiency of tax collection mechanism. Furthermore, people and media should also have access to tax-related documents & records unless they are confidential.
- Guarantee security of telecom companies and safety of their staff. This shall remain on top of government's priority list because telecom sector is one of the few sectors that has created so many direct and indirect employment opportunities for people across the country. In addition to physical security, it is important to ensure virtual security of companies' customer records, financial database, operating systems and others from hacking & cyber-attacks. Creating safe operating environment will encourage companies to expand coverage of their services and make further investment in telecom sector.
- Establish a court of arbitration for settlement of disputes that arise among telecom companies. Based on the information provided by representatives of some telecom companies, currently there are numerous issues between service providers, which remain unresolved due to lack of an Alternative Dispute Resolution (ADR) mechanism. Considering lengthy procedures and prevalence of corruption in judicial institutions, telecom companies are reluctant to refer their cases to commercial courts. This has negatively affected competition among service providers and has created many problems for subscribers. Hence, creation of special fast-track courts - run by professional staff - for speedy resolution of telecommunications-related disputes is key to boosting competition among telecom companies.

The government should give incentives to those companies, which have invested large sums in telecom sector and have created huge employment opportunities for Afghans. Moreover, tax relief should be given to companies that are importing modern technical equipment to improve quality of their services. Lastly, it is important for the policy makers to assess the impact of the current telecom taxation policies in order to understand what worked and what needs to be improved.

Conclusion

This research report assessed the mechanism established for collection of telecommunication service tax and its transparency in Afghanistan. It is based on the findings of public opinion survey, focus group discussions and interviews, which were carried out with specific groups of people in Kabul such as authorities, experts, representatives of public & private companies, ordinary citizens and others. The report hails unprecedented growth of telecom sector as well as recognizes it as one of the few areas that has attracted hundreds of millions of dollars in investment. One of the positive effects of functioning of telecom companies is that despite facing numerous obstacles, they have managed to connect millions of Afghans with the outside world and have brought vast areas under their coverage. Moreover, telecom sector has greatly contributed to the economic development of the country and has created direct & indirect employment opportunities for millions of Afghans across the country.

The report reiterates that in general Afghans are supportive of imposition of telecommunication service tax. They believe that in order to reduce reliance on foreign aid and strengthen financial foundations of the government, it is important to collect taxes from all sectors, including telecom. However, most of them are not fully aware of the mechanism that is in place for collection of telecom service tax and how transparent it is. The respondent have clearly stated that since corruption is prevalent in most government departments, they are not sure if the tax that is deducted from their top up cards is deposited in government's treasury. The concerns expressed during interviews indicate that the government has failed to assure people on the effectiveness and transparency of the existing mechanism, something that many government authorities have also admitted. Furthermore, absence of a state of the art system and lack of professional staff has also strengthened belief among people revenues could go to pockets of few corrupt officials.

In order to restore public confidence on transparency and effectiveness of telecom service tax collection mechanism, this report offers a number of recommendations. While most of these recommendations are designed to bring changes in government policies, a number of them are also aimed at improving quality of services provided by telecom companies. Implementation of these recommendations is expected to yield positive results in reforming telecom sector. In addition, it will also encourage foreign investors to invest more in the telecom sector. As a result, job opportunities will be created for thousands of youth who are currently unemployed.

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- Interview with Sayed Ikram Afzali, Executive Director of IWA, conducted on 17 June 2017
- Interview with Mohammad Fayez Sahak, Representative of MEC, conducted on 14 June 2017
- Interview with Musa Khan Nasrat, Member of communications commission of Wolesi Jirga, conducted on 9 July 2017
- Interview with Niamatullah Sultani, Taxation expert, conducted on 9 July 2017
- Interview with Abdullah Ahmadi, Representative of Civil Society Joint Working Group, conducted on 11 June 2017
- Interview with Saifuddin Saihoon, professor of Economics at Kabul University, conducted on 15 June 2017
- Interview with Abdul Mujeb khilwatgar, Executive Director of NAI, conducted on 13 June 2017
- Interview with Gulalai Akbar, Deputy of communications commission at Meshrano Jirga, conducted on 12 June 2017

- Interview with Siamuddin Pasarlai, Spokesperson of AICC, conducted on 14 June 2017

Appendix I

Questionnaire for KII with Officials of MoCIT, MoF and Representatives of Private and Government-Owned Telecommunication Companies

1. Please describe the current status of telecom sector in Afghanistan?
2. How many active mobile and landline subscribers are there in the country?
3. What are some telecom-specific taxation laws and policies that are enforced in Afghanistan?
Please explain?
4. Kindly describe in details the mechanisms that are in place for collection of telecom revenues?
5. In total, how much revenue is generated annually from telecom sector?
6. What is the trend of revenue collection? Has it increased or decreased in the last few years?
7. What is the mechanism/system for the collection of 10% telecommunication service tax? Please explain in details?
8. How transparent is the mechanism/system of collecting 10% telecommunication service tax from mobile subscribers?
9. How do you compare the current rate of telecommunication service tax in contrast to those imposed on telecom subscribers in neighboring countries? Please explain in details?
10. How often do you visit telecommunication companies for the purpose of assessing their operation system performance comprehensively? *(to be asked only from representative of ATRA)*
11. What exactly is the role of ATRA in regards to collection of 10% telecommunication service tax?
12. What exactly is the role of MoF in regards to collection of 10% telecommunication service tax?
13. Which ministry (finance or communication) is responsible for determining the amount of tax to be collected from 10% telecommunication service tax?
14. Does the existing 10% telecommunication service tax rate influence the decision of telecom service providers in choosing provision of services in different areas?
15. How has telecom sector contributed to creation of employment opportunities in Afghanistan?
16. How has telecom sector contributed to growth and investment in the economy for the past few years?
17. What are some of the main achievements of telecom sector in the last few years in Afghanistan?
18. What are some of the main challenges of telecom sector?

19. Do have specific recommendations for further improvement of telecom services?

Appendix II

Questionnaire for IDIs with representatives of people in Wolesi Jirga, Kabul University lecturer, member of a civil society organization, representatives of private sector and others.

1. How do you perceive the 10% telecommunication service tax that is imposed on mobile subscribers?
2. Do you think the imposition of 10% telecommunication service tax is fair taking into account that a significant portion of the population lives below poverty line?
3. As a general taxation principal, all people shall be informed of the tax collection mechanism and where it is spent. Do you think people in Afghanistan know about mobile tax collection mechanism and how it is spent?
4. What are your views on the transparency of 10% telecommunication service tax collection mechanism/process?
5. Do you agree with the notion that the mechanism/system used for tax collection is not transparent? Why or why not?
6. How high/low is the rate of mobile subscribers' tax in contrast to taxes imposed on other services such as transportation, real estate and others?
7. In your opinion, has the imposition of 10% telecommunication service tax restricted people's access to information?
8. How will 10% telecommunication service tax hinder digital inclusion of people who are living in rural area of the country?
9. Do you believe that imposition of taxes on telecom services can affect cost of doing business in Afghanistan?
10. What is your opinion about imposing taxes on telecom service providers instead of mobile phone subscribers?
11. In your opinion, to what extent will imposition of tax on telecom services affect foreign investment in telecom sector as well as competition among service providers?
12. Do you have any recommendations for improving transparency of 10% telecommunication service tax that are being collected from mobile subscribers?

Appendix III

Questionnaire for Focus Group Discussions with Kabul Citizens to Be Conducted In Different Parts of the City

1. What is your view about 10% telecommunication service tax that is imposed by the government on mobile phone subscribers?
2. How much do you know about Telecom Service Tax Law based on which tax is deducted from subscribers?
3. How/from what source did you first learn about the imposition of tax on mobile subscribers?
4. Do you agree with government's logic that imposition of such taxes is necessary for increasing revenues of the country?
5. Do you believe in the assurance given by the government that the revenue generated from mobile subscribers' tax is collected in a transparent manner? Why or why not?
6. Do you believe the revenues collected through mobile subscribers' tax is going to be spent properly by the government on provision of better public services such as health, education and others?
7. From your personal experience, how has imposition of mobile tax influenced the way you make calls or use internet? Have you limited your calls or internet usage since imposition of taxes?
8. In case you own a private business, how has imposition of 10% tax on mobile phone affected your day-to-day business dealings?
9. What is your opinion about creation of a mechanism, which exempts low-income portions of the society from paying mobile service tax?
10. Do you think that in return for the payment of subscribers' tax, the government should push telecom companies improve their services?

Appendix IV

Public Opinion Survey Form

Survey Information and Consent

This survey is being developed by Afghans Coalition Against Corruption (AFCAC) to assess the transparency of 10% mobile subscribers tax that is collected by the government of Afghanistan. The survey will cover different groups of people such as university students, public servants, private business owners and others.

Your answers will be treated with the utmost privacy and confidentiality. Your identity will remain anonymous at all times, and we will not be recording your name anywhere on this sheet. That means that no one will be able to link your responses to your name, and your name will never be used in connection with any of the information you give.

Your participation is at all times voluntary. There is no obligation to answer the questions, and you are free to refuse any question you do not wish to answer. You have the right to withdraw your agreement to participate at any time.

Do you understand the conditions of this survey?

1 ☐ Yes

2 ☐ No

Do you agree to participate in this survey?

1 ☐ Yes

2 ☐ No

Instructions

This is an opinion survey and is meant to measure your knowledge and understanding subject matter. There are no right or wrong answers. For each question, you will be given multiple answers and will choose which answer best represents your opinion on that specific question.

This survey will ask you your level of understanding and knowledge related to the transparency of 10% mobile subscribers' tax. It is important to understand that your answer should reflect your own personal understanding.

First, read the question in bold, and then read the entire selection of answers before choosing your answer. Please read the entire question and answer list for each question. The answers are not the same on all questions.

To mark the box, please draw an X through the box (■) next to your selected answer. You may only choose one response for each question unless otherwise indicated.

If you have any questions while filling out the survey, please ask the researcher, who will assist you and answer any questions that you may have. When you have finished the survey, please return it to the researcher, and do not write your name anywhere on this survey.

Public Opinion Survey

A. Awareness/Perception of Telecom Companies	
A.1	<p>Which telecom company's service are you currently using?</p> <p>■ AWCC</p> <p>■ Etisalat</p> <p>■ MTN</p> <p>■ Roshan</p> <p>■ Salaam</p> <p>■ Afghan Telecom</p> <p>■ Wasel Telecom</p> <p>■ Other _____</p>

A.2	<p>Which parameter do you look for while selecting the service provider?</p> <p><input type="checkbox"/> Call charges/ tariff</p> <p><input type="checkbox"/> Network availability</p> <p><input type="checkbox"/> Customer care services</p> <p><input type="checkbox"/> Offers and schemes</p> <p><input type="checkbox"/> Other_____</p>
A.3	<p>Who/What influences your choice of operator?</p> <p><input type="checkbox"/> Friends</p> <p><input type="checkbox"/> Family</p> <p><input type="checkbox"/> Advertisement</p> <p><input type="checkbox"/> Past experience</p>
A.4	<p>Are you satisfied with your current service provider?</p> <p><input type="checkbox"/> Very much</p> <p><input type="checkbox"/> Some</p> <p><input type="checkbox"/> A little</p> <p><input type="checkbox"/> Not very much</p> <p><input type="checkbox"/> Not at all</p>
A.5	<p>If given an option, which mobile operator will you choose in the future?</p> <p><input type="checkbox"/> AWCC</p> <p><input type="checkbox"/> Etisalat</p> <p><input type="checkbox"/> MTN</p> <p><input type="checkbox"/> Roshan</p> <p><input type="checkbox"/> Salaam</p> <p><input type="checkbox"/> Afghan Telecom</p> <p><input type="checkbox"/> Wasel Telecom</p> <p><input type="checkbox"/> Other_____</p>
<p>B. Perceptions about 10% telecommunication service tax</p>	
B.1	<p>To what extent do you support the imposition of 10% tax on telecom services?</p> <p><input type="checkbox"/> Very much</p> <p><input type="checkbox"/> Some</p> <p><input type="checkbox"/> A little</p> <p><input type="checkbox"/> Not very much</p> <p><input type="checkbox"/> Not at all</p>

B.2	<p>Do you think 10% telecommunication service tax is collected transparently?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Maybe</p> <p><input type="checkbox"/> I don't know</p>
B.3	<p>Do you think revenues collected from 10% telecommunication service tax will be spent properly by the government on improving public services/infrastructure?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Maybe</p> <p><input type="checkbox"/> I don't know</p>
B.4	<p>Which of the following groups do you think will be severally affected by 10% telecommunication service tax?</p> <p><input type="checkbox"/> Unemployed people</p> <p><input type="checkbox"/> Small business owners</p> <p><input type="checkbox"/> Public servants</p> <p><input type="checkbox"/> Students</p> <p><input type="checkbox"/> Other _____</p>
B.5	<p>Has imposition of 10% telecommunication service tax affected the way you use mobile or internet services?</p> <p><input type="checkbox"/> Very much</p> <p><input type="checkbox"/> Some</p> <p><input type="checkbox"/> A little</p> <p><input type="checkbox"/> Not very much</p> <p><input type="checkbox"/> Not at all</p>
B.6	<p>Do you think the imposition of 10% telecommunication service tax on telecom services is a good alternative to foreign aid?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Maybe</p> <p><input type="checkbox"/> I don't know</p> <p><input type="checkbox"/> Rejected</p>

B.7	<p>If the government aims to generate revenues and replace a portion of foreign aid with mobile subscribers' tax, which of the following taxes would you propose as an alternative to 10% telecommunication service tax?</p> <p><input type="checkbox"/> Increase in import tariffs of mobile phones</p> <p><input type="checkbox"/> Increase in service providers tax</p> <p><input type="checkbox"/> Tax on usage of services above specific limit</p> <p><input type="checkbox"/> Tax on import of telecom equipment</p> <p><input type="checkbox"/> Other _____</p>
B.8	<p>Do you agree with the notion that imposition of 10% telecommunication service tax could hinder access to information and impede sharing of ideas?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Maybe</p> <p><input type="checkbox"/> I don't know</p> <p><input type="checkbox"/> Rejected</p>
B.9	<p>To what extent do you think mobile subscribers tax could impede digital inclusion of people who are living in rural or remote areas?</p> <p><input type="checkbox"/> To a large extent</p> <p><input type="checkbox"/> to some extent</p> <p><input type="checkbox"/> To little extent</p> <p><input type="checkbox"/> Not at all</p>
B.10	<p>Do you think imposition of tax of mobile subscribers could push government pressure telecom companies improve their services?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Maybe</p> <p><input type="checkbox"/> I don't know</p> <p><input type="checkbox"/> Rejected</p>

C. Demographics	
C.1	Age: <input type="checkbox"/> 20-30 <input type="checkbox"/> 30-45 <input type="checkbox"/> 45-60 <input type="checkbox"/> 60+
C.2	What is your highest level of education? <input type="checkbox"/> Illiterate <input type="checkbox"/> Completed high school <input type="checkbox"/> Completed a 4-year university degree <input type="checkbox"/> Completed postgraduate studies <input type="checkbox"/> Other _____
C.3	What is your ethnicity? <input type="checkbox"/> Pashtun <input type="checkbox"/> Tajik <input type="checkbox"/> Hazara <input type="checkbox"/> Uzbek <input type="checkbox"/> Turkmen <input type="checkbox"/> Other _____
C.4	What is your employment status? <input type="checkbox"/> Salaried worker (private sector) <input type="checkbox"/> Salaried worker (public sector) <input type="checkbox"/> Self-employed <input type="checkbox"/> Day laborer <input type="checkbox"/> None/unemployed
C.5	What is your average monthly income? <input type="checkbox"/> AFN 5,000 – 10,000 <input type="checkbox"/> AFN 10,000 – 30,000 <input type="checkbox"/> AFN 30,000 – 40,000 <input type="checkbox"/> AFN 40,000 – 50,000 <input type="checkbox"/> AFN 50,000+
C.6	Do you contribute to monthly household income? <input type="checkbox"/> Yes <input type="checkbox"/> No

Appendix V

Basic Information About Participants of Public Survey Opinion

Age Group

	Governmental Officials	NGO Workers	Students	Small Business Owners
20-30	35	50	100	50
30-45	60	35		35
45-60	5	15		15
Total	100	100	100	100

Highest Level of Education

	Governmental Officials	NGO Workers	Students	Small Business Owners
Illiterate				10
Completed high school	30	15	15	25
Completed a 4-year university degree	50	70	85	65
Completed postgraduate studies	10	15		
Doctor	10			
Total	100	100	100	100

Ethnicity

	Governmental Officials	NGO Workers	Students	Small Business Owners
Pashtun	36.84	27.78	5	26.32
Tajik	36.84	38.89	35	42.11
Hazara	15.79	27.78	55	21.05
Uzbek	10.53			
Turkmen		5.56	5	5.26
Other				5.26
Total	100	100	100	100

Monthly Income

	Governmental Officials	NGO Workers	Small Business Owners	Students*
AFN 5,000 – 10,000	80		52.63	
AFN 10,000 – 30,000	20	27.78	31.58	
AFN 30,000 – 40,000		44.44		

AFN 40,000 – 50,000		11.11	10.53	
AFN 50,000+		16.67	5.26	
Total	100	100	100	

*The students who participated in this survey said they do not have any income

Contribution to Household Income

	Governmental Officials	NGO Workers	Small Business Owners	Students*
Yes	85	95	84.21	
No	15	5	15.79	
Total	100	100	100	

*The students who participated in this survey said they do not contribute to household income in any way

Appendix VI

Preferences and Personal Choices of Services Providers by Survey Participants

Telecom Companies Currently Subscribed to by Participants

	Governmental Official	NGO	Student	Small Business Owner
AWCC	6.45	15		5.56
Afghan Telecom	3.23			
Etisalat	45.16	32.5	51.52	38.89
MTN	19.35	17.5	15.15	16.67
Roshan	9.68	30	18.18	30.56
Salaam	16.13	5	12.12	8.33
Afghan Telecom			3.03	
Total	100	100	100	100

Parameters Considered at The Time of Selecting Service Provider

	Government Officials	NGO Workers	Students	Small Business Owners
Call charges/ tariff	60.87	38.46	36.67	52.38
Network availability	34.78	53.85	33.33	28.57
Customer care services	4.35	3.85	16.67	9.52
Offers and schemes	0	3.85	13.33	9.52
Total	100	100	100	100

Factors/People Who Influences Choice of Operator

	Government Officials	NGO Workers	Students	Small Business Owners
Friends	20.83	34.62	15.38	28.57
Family	29.17	23.08	15.38	33.33
Advertisement	29.17	19.23	23.08	14.29
Past experience	20.83	23.08	46.15	23.81
Total	100	100	100	100

Satisfaction from Services Provided by Telecom Companies

	Government Officials	NGO Workers	Students	Small Business Owners
Very much	5	20	10	15
Some	45	30	20	15
A little	40	35	45	45
Not very much		15	20	20
Not at all	10		5	5
Total	100	100	100	100

Choice of Service Provider in The Future

	Governmental Officials	NGO Workers	Students	Small Business Owners
AWCC	11.11	17.14	4.17	11.54
Afghan Telecom	3.7		4.17	7.69
Etisalat	18.52	22.86	41.67	30.77
MTN	7.41	17.14	12.5	11.54
Roshan	14.81	28.57	8.33	19.23
Salaam	29.63	14.29	29.17	19.23
Wasel Telecom	14.81			
Total	100	100	100	100