

OTT Tax – What you need to.

Background

Government of Uganda has introduced an OTT TAX effective 1st July 2018. The tax is an excise duty on over the top (“OTT”) services and is charged at a rate of UGX 200 per user per day of access.

1) What are the OTT services?

OTT services to have been defined to mean “the transmission or receipt of voice or messages over the internet protocol network and includes access to virtual private networks”

2) Which services are considered by the industry to be the OTT services that should be taxed?

The government intends that any OTT sites similar to the examples listed hereunder are considered to be taxable:

- WhatsApp
- Facebook
- Twitter
- Truecaller
- Google Hangouts
- Google Allo
- Viber
- Snapchat
- LINE
- Phone+
- Call Free
- Signal
- StealthChat
- Tinder
- MeetMe
- Telegram
- IM+
- IMessenger
- Yahoo Messenger
- Facetime
- Android Messages
- New Messenger
- Textra
- Instagram
- WiCall
- WeChat
- InMessage
- TrueCaller
- Hi5
- Freevideo – Mail.Ru
- TextMe
- TalkU
- LOVOO
- Drupe
- Imo
- Hangouts Dialer
- CallerID
- magicApp
- Skype
- Badoo
- Hitwe
- SayHi
- iPair-Meet
- Tumblr
- Kik
- Chatouts
- Grindr
- LiveTalk
- Zalo
- Kakao Talk
- Mood
- Google Plus
- LinkedIn
- BlackBerry Messenger
- Voxer Walkie Talkie
- Hike
- Moments

3) How much OTT TAX I am supposed to pay?

The government requires you pay UGX 200 per day of access required. See the available options you can find by dialling *150*3# or *165*2# or through myMTN App.

1-day access	– UGX 200.
7-day access	– UGX 1,400.
30-day access	– UGX 6,000.
90-day access	– UGX 18,000.
Access for a Year	– UGX 73,000.

4) Are email applications like Gmail, Yahoo, Outlook included as part of taxable OTT services?

No, email services are currently not considered as taxable OTT services

5) Are video streaming applications included as part of taxable OTT services?

No, video streaming, such as Ugandan television and iflix are currently not considered as taxable OTT services

6) What are VPNs, and why are these subject to OTT TAX?

VPN's are a common global method of accessing internet services while masking the nature of the internet service being used. It is because such VPN's can then be used to access OTT services indirectly that the government has included such sites as being subject to OTT TAX. Unfortunately, the creation of a VPN service is relatively easy, and takes place outside of Ugandan borders. For this reason, the operators will block access to VPN's that the authorities declare to be used for OTT services, unless the consumer has paid their OTT TAX

7) Why do I have to pay the OTT TAX?

To be able to use the OTT services such as WhatsApp you are required to pay an OTT TAX of UGX 200 per day. If you don't pay the tax, you will not be able to use the listed OTT services even though you may have a valid data bundle.

8) Why must I pay tax before a government collection order is issued?

We understand that a government collection order may be backdated to the first of July. In the event, for example that the tax is cancelled or reduced, the tax will be reversed via mobile money, instead of passing it on to URA.

9) How do I pay the Tax?

You can pay your OTT TAX by dialling *150*3# or *165*2# or through myMTN App. Payment will only be possible on Mobile money.

10) Can I pay for multiple days of OTT access in advance?

Customers who pay for a 1-day access pass will receive 24 hours worth of access. Customers who pay for multiple passes will have them stacked/accumulated on top of each other e.g. paying for a 1-day and 7-day pass at one go will grant you a total of eight full days of access.

11) Why can't I pay using the Airtime already loaded on my account?

Airtime has its own set of TAX (VAT and EXCISE) and to avoid unnecessary double taxation you are required to pay your OTT TAX only through mobile money

12) Why has the OTT TAX been introduced as a separate charge?

Charging the OTT excise duty separately from the data bundle enables the consumer to decide which days they would like to access the OTT services.

13) How long does my access last when I pay for one day?

The 1-day access pass lasts for 24-hours from the exact time you paid the tax e.g. paid at 9:30 am on Tuesday means you have access until 9:30 am Wednesday.

14) Do I have to pay the OTT TAX even if I have bought a bundle?

Yes, you will be required to pay the OTT TAX even when you have bought a bundle to be able to use the OTT services above. You can however use your bundle to access other non-OTT services without having to pay the OTT TAX

15) How can I pay the OTT TAX for my Dongle/Router, MiFi?

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To pay for your OTT TAX for your dongle/MiFi you need to go onto Mobile Money *165#, *150*3# or myMTN APP and select the option “pay for another”, insert the number of the Modem or MIFI / Router and the OTT TAX will come to life

16) I browse the internet using my Airtime. Do I need to pay the OTT TAX?

Yes, the OTT TAX is not related to the way you consume the internet (bundle, pay as you go), as soon as you access OTT services you will need to pay the OTT TAX

17) Will I be charged the 1% Mobile Money tax on the OTT TAX transaction?

No, you will not be charged any fees or taxes on payment of this OTT tax.

18) Will there be an MTN fee on my Mobile Money Transaction to pay the OTT TAX?

No there is no additional MTN fee added to the payment of the OTT TAX

19) Will there be an MTN fee if I use my Mobile Money Transaction to pay the Africell OTT TAX?

For convenience during the implementation phase, there will be no MTN fee on Africell customers paying their OTT tax at the date of launch.

20) Do I need to be registered with URA to pay the OTT TAX?

No, you do not need to be registered.

21) Will I be charged the OTT TAX if I use WiFi?

Access to the OTT services of all telecommunications service providers requires you to pay your OTT TAX for any of your devices or gadgets accessing OTT.

22) Will my friend or family sharing my MiFi connection (or device hotspot) be charged the OTT TAX?

No, the URA has advised that the user is your device or gadget that is accessing the OTT service. Thus, allowing your friend or family to connect through your device is not restricted.

23) Will I be charged the OTT Tax if I use my computer at work (LAN connection)?

Your employer is responsible for the usage of any telecommunications services at the workplace and will have to pay OTT Tax for each of their links or disable OTT services at the workplace.

24) Would I have to pay the OTT Tax using a shared bundle with someone that has already paid the OTT TAX

Access to the OTT services through a device/gadget (using its own SIM card) requires you to pay your OTT TAX before using the OTT services.

25) Can the OTT TAX be automatically deducted from my Mobile Money Account?

The auto-renewal or auto-debit functionality is currently not enabled but you can pay for any of the available access passes at any time for your convenience.

We will also inform via SMS when your OTT access is about to expire and also at the time it expires.

26) Can I access OTT services while roaming out of the country?

You must pay OTT TAX to enable your data roaming service.

27) I'm a postpaid customer what do I do?

As a postpaid customer you will be responsible for paying the OTT TAX to access OTT services

28) My Company buys data for me, what should I do?

You will be responsible for paying the OTT Tax to access OTT services.

However, the employer can also pay for your OTT access if it is part of the employee policy or benefits they avail to you.

29) Can I claim the OTT TAX back?

No, it is an EXCISE DUTY and thus not applicable for tax reclaims.