Chapter 2
Implications of the Proposed Communication Service Tax Bill on the Socio-Economic Development of Nigeria

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ABSTRACT
This chapter describes how the decision of the Nigerian government to introduce a Communication Service Tax Bill to the National Assembly to compel consumers of certain communication services to pay a 9 percent tax has pitted the government against major stakeholders in the ICT sector who are concerned about the future of the industry. While the government wants the legislative process regarding the bill to go on because of the financial gains that will accrue to it monthly, the stakeholders want it jettisoned for fear that it would impact negatively on the ICT sector and the economy, which is currently in recession. This chapter wades through the controversy by presenting the various positions canvassed by stakeholders and points the way ahead for the sector, which is fast becoming the hub of economic activities in Nigeria, to harness its full potentials for the overall benefit of the Nigerian society.

INTRODUCTION
In an effort to regulate and standardize business practice as well as raise revenue, governments through their agencies have put in place laws to regulate the business environment. The essence of the law is to, among others, regulate the rights and duties of people carrying out business in order to ensure fairness, protect people
dealing with business from harm caused by defective services, protect investors, creditors and consumers, and ensure a level playing field for competing business. Law also limits governments from engaging in abusive practices against businesses (Lawrence and Kinder, 1987, Williams, 2007).

Tax is a product of the law. In most organized societies, individuals and corporate organizations pay tax because the law gives impetus to the payment of such taxes (income tax and company tax). The power to impose taxes is generally recognized as a right of governments. Without the money to finance its core responsibilities of ensuring public welfare socially, economically and politically which mostly comes from tax, governments are powerless (Kiable and Nwankwo 2009). However, despite its legality, many individuals and companies still evade and avoid tax for several reasons ranging from insufficiency and complexity of tax legislation, high rate of taxation to a lack of sense of civic responsibility amongst tax payers.

The information and communication technology (ICT) industry is one of the most vibrant sectors in Africa. The mobile telecommunications boom in the continent has been driven by private investment that has brought global communications within the reach of more Africans. Over the past decade, the number of mobile connections in sub-Saharan Africa has increased nearly ten-fold, and over 500 million people in the region are now covered by mobile phone networks. These mobile networks, according to Mats Granryd, director general of GSM Association, are providing subscribers not just with connectivity but a gateway to a range of other essential services in areas such as digital identity, health care and financial services (www.gsma.com/newsroom/press-release/number-of-unique-mobile-subscribers-in-africa-surpasses-half-a-billion-finds-new-gsma-study/).

Last year (2016), reports had it that 1.13 billion (estimated to be 67 percent of Africa’s population), now have mobile phones. Besides, about 26.5 percent (297,885,898) of the population is on the Internet, with 50.3 billion active on social media platform, facebook (Adepetun, 2017, p. 38). Perhaps the industry’s most impressive achievement has been the number of people who now have access to mobile services. The industry figure usually quoted is the penetration rate based on the number of active SIM cards. This reached 722 million at the start of 2015, giving a continental penetration rate of 77 percent, it was forecast to rise to 982 million and 93 percent respectively by 2020. Africa now accounts for 10 percent of the total global subscriber base, with profound implications for African economic and social development.

Nigeria, one of Africa’s biggest markets, is a goldmine for telecommunications companies operating in the country despite the much-reported operational deficiencies. Every year, these companies generate revenues that surpass their returns in other African countries. The telecommunications industry is dominated by four major companies – South Africa’s MTN Nigeria Communications Limited, indigenous
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