

# **Revenue Reporting Regulation**

## **Article (1)**

### **Definitions**

For the purposes of this Regulation, any word or expression shall have the meaning given to it in the Telecommunications Law promulgated by Legislative Decree No 48 of 2002, and the following words and terms shall have the following meaning, unless the context otherwise requires:

**“Annual License Fee”** the annual License fee referred to in Article 18(a) (2) of the Law.

**“Authority”** the Telecommunications Regulatory Authority.

**“Law”** the Telecommunications Law promulgated by Legislative Decree No 48 of 2002.

**“Licensee”** a Person holding a License granted pursuant to the provisions of the Law.

**“Revenue Reporting Declaration”** the form defined by the Authority that is required to be duly filled in and submitted by Licensees to enable the Authority to calculate the applicable Annual License Fee.

## **Article (2)**

### **Scope of Regulation**

This Regulation and its annex shall apply to all Licensees under the provisions of the Law in the Kingdom.

## **Article (3)**

### **Licensee Obligations**

The Licensees shall, by 1<sup>st</sup> of April of each calendar year, to submit:

1. The Revenue Reporting Declaration of the previous financial year in accordance with Annex (A) of this Regulation. The Revenue Reporting Declaration must be certified by the auditors of the Licensee; and
2. The audited financial statements of the previous financial year.

## **Article (4)**

### **Implementation**

- 1- Licensees who are non-compliant with Article (3) of this Regulation will be invoiced by the Authority on the basis of the gross annual turnover figure most recently reported to the Authority plus an uplift of 40%.

- 2- Those Licensees who, pursuant to Article 4(1), are subjected to an uplift of 40%, will be credited for the 40% uplift upon the issuance of the subsequent invoice (i.e. in the following year), provided that those Licensees have, in the meantime, remedied their non-compliance. The Licensee has no right to claim any interest earned from the excess amount.
- 3- Failure to comply with the terms of this Regulation may constitute a material breach of any provision of the Law and/or any condition of the Licence and may consequently be subject to enforcement action pursuant to the relevant provisions of the Telecommunications Law.
- 4- In the event that a Licensee fails to comply with the provisions of Article (3) of this Regulation and remains in default for a period of three months, the Authority will treat such failure as a repetitive breach of the Licensee's licenses, the provisions of the Law and this Regulation and may reflect the repeat nature of the breach(es) in the level of fine.
- 5- Upon finding an apparent discrepancy in the financials submitted by a Licensee pursuant to Article (3) of this Regulation, the Authority shall, after undertaking a preliminary assessment, reserve the right to engage a firm of independent auditors to carry out a detailed audit of the accounting records of the Licensee in question to check the validity of the figures contained in the financials submitted. A Licensee whose Revenue Reporting Declaration is subject to examination by an independent auditor is obliged to co-operate fully with the auditor's examination.

If the alleged discrepancy or error is confirmed by the independent auditor, then the Licensee shall be obliged to submit, without delay, a revised financials correcting the discrepancy or error and the Licensee shall also be obliged to meet the costs of engaging the independent auditor.

If the alleged discrepancy or error is not confirmed by the independent auditor, then the Authority shall meet these costs.

## Annex A: Revenue status – licensed and non-licensed services

The starting point for operators in preparing their annual Revenue Reporting Declaration is that all gross revenues earned in Bahrain, as are declared in the company's annual financial statements, are included as GAT. Deductions from gross turnover have to be justified on an individual basis.

The table in this Annex provides examples of common types of revenue and indicates their status in terms of whether or not these types are classed as licensed or non-licensed revenue. The table is not intended to be exhaustive.

Revenue type	Notes	Revenue status	Category
Revenue earned from post-paid mobile contracts	Revenue derived from mobile voice, data and broadband services provided under the contract to be included	Licensed revenue	Mobile
Revenue earned from pre-paid mobile services	Revenue derived from pre-paid mobile voice, data and broadband services to be included, including revenue derived from expired credit for pre-paid mobile airtime	Licensed revenue	Mobile
Provision of SIM cards and SIM starter packs to post-paid and pre-paid mobile customers	SIM cards are an integral part of the licensed mobile telephony service so the cost of SIM cards and SIM starter packs may not be claimed as a deduction	Licensed revenue	Mobile
Revenue from the sale of mobile phone handsets sold separately	The retail price of the handset should be claimed as a deduction	Non-licensed revenue	Non-licensed
Revenue from the sale of mobile phone handsets recovered through mobile access or calling charges (sold as part of services provided in a bundle)	Deduction based on input cost of the handset (duty delivery paid)	Non-licensed revenue	Non-licensed
Revenue from the sale of mobile dongles sold separately	The retail price of the dongle should be claimed as a deduction.	Non-licensed revenue	Non-licensed
Revenue from mobile dongles sold as part of a package or as part of a service bundle	Deduction based on input cost of the dongle (duty delivery paid)	Non-licensed revenue	Non-licensed
Revenue from fixed line rental	Revenue derived from use of fixed communications network	Licensed revenue	Fixed

Revenue from fixed voice calls (including voice over broadband calls)	Revenue derived from use of fixed communications network	Licensed revenue	Fixed
Revenue from fixed broadband, including all retail xDSL and 'naked' DSL services	Revenue derived from use of fixed communications networks	Licensed revenue	Fixed
Retail leased lines	Revenue derived from use of fixed communications network	Licensed revenue	Fixed
Fixed wireless revenues	Revenue derived from use of fixed wireless communications network (voice, broadband and leased lines)	Licensed revenue	Fixed
Satellite revenues	Revenue derived from use of satellite communications network	Licensed revenue	Fixed
Revenue derived from the supply of video on-demand content	The production and sale of content is not a licensed activity (but the carriage of VOD is licensed). The annual retail value should be claimed as a deduction	Non-licensed revenue	Non-licensed
Broadcasting services	Broadcasting content is not a licensed activity	Non-licensed revenue	Non-licensed
Revenue from direct dial calls switched by a liable person, on behalf of another liable person	Revenue derived from use of communications network	Licensed revenue	Wholesale
Revenue earned from late payment fees levied on customers for the late payment of outstanding accounts for telecommunications services	Revenue derived from use of communications networks	Licensed revenue	Mobile; Fixed; Wholesale
Revenue from selling customer premises equipment (CPE), including routers, modems and other terminal equipment	Deduction of retail cost where available, deduction based on input cost (duty delivery paid) where no retail cost available	Non-licensed revenue	Non-licensed
Revenue from dumb caches, servers, content delivery networks (CDN)	Revenue depends on use of communications network	Licensed revenue	Mobile; Fixed

Value added IT services (including systems integration, data hosting etc.)	May be sold to business customers as part of a managed network service but is not a licensed activity. Retail cost should be claimed as a deduction.	Non-licensed revenue	Non-licensed
Revenues earned from installation fees	Not a licensed activity. Installation fees charged should be claimed as a deduction.	Non-licensed revenue	Non-licensed
Revenues from wholesale leased lines	Revenues earned in the merchant market from the sale of wholesale leased lines to other operators	Licensed revenue	Wholesale
Wholesale revenue from WBA services, including bitstream and 'naked' DSL services	Revenues earned in the merchant market from the sale of wholesale services to other operators	Licensed revenue	Wholesale
Wholesale revenue from call origination and/or termination in Bahrain on fixed and mobile networks	Applies to all call origination and termination irrespective of origin or destination	Licensed revenue	Wholesale
Revenues arising from transit traffic between local and overseas operators (including group company transit traffic)	If traffic either originates or terminates in Bahrain, then it is a licensed activity in Bahrain and all transit revenues, as well as any associated revenues arising from the provision of such transit, must be reported as licensed revenue	Licensed revenue	Wholesale
Revenues arising from the provision of international telecommunications facilities	Provision of access to international telecommunications facilities to other operators (including co-location services)	Licensed revenue	Wholesale
Revenues arising from value-added voice and data telecommunications services	Revenue derived from use of communications networks to provide value-added voice and data telecommunications services	Licensed revenue	Fixed; Mobile
Revenues arising from transit traffic between local and overseas operators (including group company transit traffic)	If traffic does not either originate or terminate (or both) within Bahrain, then it is not a licensed activity within Bahrain	Non-licensed revenue	Non-licensed