

هيئة الاتصالات وتقنية المعلومات  
Communications and Information Technology Commission



## **Regulatory Framework on Fees**

Disclaimer: This document is a draft translation of its Arabic version. In case of any unforeseen discrepancies, the Arabic document prevails.

1440 H / 2019 G



## Contents

1	Introduction .....	3
2	Fees Payable by Licensees .....	3



## 1. Introduction

- 1.1 This Regulatory Framework aims at specifying the fees required from licensed service providers.
- 1.2 The Council of Ministers' Resolution No. 196 dated 04/04/1440H included the regulatory provisions relating to the fees collected by the State and the CITC from the licensed telecommunications companies.
- 1.3 Article 6 of the Telecommunications Act stipulates that: "Necessary fees shall be paid in favor of the General Treasury for commercial provision of services, issuance of licenses to operators and permits for frequency usage as per the decree of Council of Ministers."
- 1.4 Article 7 of the Telecommunications Act stipulates that: "The CITC shall set the principles and criteria for determining the telecommunications services fees in keeping with the competitive situation."
- 1.5 The "Regulatory Framework on License Classification" includes the types of licenses issued by the CITC and the scope of their services.

## 2. Fees Payable by Licensees

- 2.1 In accordance with the Council of Ministers' Resolution referred to above in paragraph 1.2:
  - 2.1.1 (Net Telecommunication Revenue) is defined as "Total operating revenue of licensed telecommunications services provisioned individually or associated with the provision of any other service or commodity, after excluding the rights of external and domestic telecommunications companies represented in the items in (Cost Items) Table attached hereto";
  - 2.1.2 The definition of "Net Telecommunication Revenue" shall come into effect for the parties to which it applies as of 01/01/2018G.
- 2.2 The annual fees shall be as follows:
  - 2.2.1 Annual fee charged by the State in return for commercial provision of telecommunications services of ten percent (10%) of the Net Telecommunication Revenue;
  - 2.2.2 Annual fee charged by the CITC in return for obtaining license of one percent (1%) of the Net Telecommunication Revenue;
  - 2.2.3 Fees for the allocation and use of numerical resources in accordance with the CITC's regulations;



- 2.2.4 Fees for the allocation and use of frequency spectrum in accordance with the CITC's regulations;
- 2.2.5 Other fees for the works or services that may be provided by the CITC in accordance with its regulations.
- 2.3 The CITC may charge fees for issuance and renewal of licenses and transfer between their various types and request bank guarantees. The Table of "Fees for Issuance and Renewal of Licenses and Guarantees" explains these fees and guarantees.
- 2.4 Fees may be charged in accordance with the Universal Service and Universal Access Policy.
- 2.5 Annual fees in accordance with paragraph (2.2) shall be charged as of 01/01/2019G from:
  - 2.5.1 Unified license holders and their subsidiaries;
  - 2.5.2 The licensees to provide fixed telecommunications services and their subsidiaries;
  - 2.5.3 The licensees to provide mobile virtual network operators services (MVNOs) and their subsidiaries;
  - 2.5.4 New licensees to provide any facilities-based telecommunications services or to provide any of the MVNOs services.
- 2.6 Annual fees in accordance with paragraph (2.2) shall be charged as of 01/01/2021G from all other licensed entities not covered by paragraph (2.5). The current annual fees shall continue to be charged on all other licensed entities not covered by paragraph (2.5) as follows:
  - 2.6.1 The annual fee for the commercial provision of service shall continue to be charged from the licensees to provide data services at its current rate of eight percent (8%) of the Net Communications Revenue until the date of 31/12/2020G. The rest of the annual fees shall be in accordance with paragraphs (2.2.2), (2.2.3), (2.2.4) and (2.2.5).
  - 2.6.2 The annual fee for the commercial provision of service and the annual fee for obtaining license charged by the CITC shall continue according to the Table of "Annual Fees for Commercially provision of service and Other Fees Charged by the CITC for Class Licenses (B)" until the date of 31/12/2020G. The rest of the annual fees shall be in accordance with paragraphs (2.2.3), (2.2.4) and (2.2.5).
  - 2.6.3 The annual fee for the commercial provision of service and other fees shall continue to be charged as stated in the licenses of providing digital certification services until the date of 31/12/2020G.



- 2.7 Fee stated in paragraph (2.2.1) shall be charged gradually for any new licensee to build a facility-based telecommunications network, so as to be two and a half percent (2.5%) in the first fiscal year or a part thereof, five percent (5%) in the second fiscal year and ten percent (10%) per annum in the third fiscal year and beyond.
- 2.8 Each licensee shall obtain the approval of the CITC when it includes any sum of money in “Cost Items” referred to in paragraph (2.1.1).
- 2.9 Each licensee shall obtain the approval of the CITC before excluding any item of operating revenues of unlicensed services or any other revenues from the fee. All dues of the State and dues of the CITC in respect of the commercial provision of telecommunications services and the annual fee for obtaining the license and other dues shall be payable within thirty (30) days from the date of issue of the invoice, regardless of whether it is in dispute between the CITC and the licensee. When the entitlement to some payments is proven, the licensee may deduct them from subsequent payments.
- 2.10 The CITC shall review this Regulatory Framework and its annexes in accordance with relevant developments and submit its recommendations thereon to take the necessary action in accordance with the Council of Ministers’ Resolution referred to above.
- 2.11 Unless otherwise specified in accordance with the CITC’s Regulations, the CITC shall determine the method of issuing the invoices for fees, the method of payment and the periods of issuance thereof, as well as the payment details that the Licensee have to comply with after being notified thereof.
- 2.12 This Regulatory Framework supersedes the “Regulatory Framework on Fees for Facilities Based Unified Licenses” issued under the CITC’s Decision No. (337/1438) dated 11/4/1438H.



### Cost Items Table

Main Item	Sub-Item	Definition
Messaging Costs	Local Messaging Circuits Costs	Costs paid by a local service provider to another local service provider as a result of the rental of local messaging circuits connecting two points of another local service provider's network or between other local service providers to pass communication traffic between them.
	Costs of Messaging Circuits for Connecting Local Interconnection	Costs paid by a local service provider to another local service provider as a result (local interconnection circuits) from another local service provider to connect their networks to enable network users to communicate with each other.
	Rental Costs of Access Services for Local Access Circuits	Costs paid by a local service provider to another local service provider as a result of the rental of Local Access Circuits represented in the shared use service for access network circuits (Line Sharing) and Digital Bit Reselling Service (Bit stream)
Roaming Costs	Local Roaming Costs	Costs paid by a local service provider to another local service provider as a result of its subscriber's use of international service provider's network.
	International Roaming Services Costs	Costs paid by a local service provider to another international service provider as a result of its subscriber's use of international service provider's network.
Interconnection Costs	Local Terminal Communications Services Costs	Costs paid by a local service provider to another local service provider as a result of the receipt by the other service provider of any telecommunications services (voice, video, SMS, MMS, data and others within the same category) via the interconnection link, to connect to the end user of its network
	International Terminal Communications Services Costs	Costs paid by a local service provider to another international service provider as a result of the receipt by the international service provider of any telecommunications services (voice, video, SMS, MMS, data and others within the same category) via the interconnection link, to connect to the end user of its network. This item does not include the costs resulting from passing the international traffic to another local service provider.



**Table of Fees for Issuance and Renewal of Licenses and Guarantees**

Type of Service	Fee and/or Bank Guarantee for Service
Fixed Facilities Based Telecommunications Services	SR 5,000,000 (five million riyals) as a fee for the issuance of the license
Mobile Virtual Network Operators Services (MVNOs)	SR 5,000,000 (five million riyals) as a fee for the issuance of the license
Internet of Things (IoT) - Virtual Network Operator (VNO) Services	SR 1,000,000 (one million riyals) as a fee for the issuance of the license
Digital Certification Services	SR 1,000 (one thousand riyals) as a fee for the issuance of the license
VSAT System Communications Service	<ol style="list-style-type: none"> <li>SR 30,000 (thirty thousand riyals) as a fee for the issuance of the license (to be paid only for once upon issuance of the license)</li> <li>SR 10,000 (ten thousand riyals) as a fee for each renewal of the license</li> </ol>
Provision of Global Mobile Personal Communications Services (GMPCS)	<ol style="list-style-type: none"> <li>SR 50,000 (fifty thousand riyals) as a fee for the issuance of the license (to be paid only once upon issuance of the license)</li> <li>SR 20,000 (twenty thousand riyals) as a fee for each renewal of the license</li> </ol>
Operation System and Networks of (GMPCS)	Annual fee for frequencies in accordance with the CITC's Regulations in this respect
Broadband Satellite Services	Fee for the issuance of the license for SR 100,000 (one hundred thousand riyals) to be paid for once
Wholesale Infrastructure Services	Fee for the issuance of the license for SR 100,000 (one hundred thousand riyals) to be paid for once
Audio Text Services (700)	Bank Guarantee of SR 500,000
Short Message Service (SMS)	Bank Guarantee of SR 500,000



**Table of "Annual Fees for Commercial Provision of Service and Other Fees Charged by the CITC for Class Licenses (B)"**

Type of Service	Annual Fee for Service
VSAT System Communications Service	<ol style="list-style-type: none"> <li>1. SR 30,000 (thirty thousand riyals) as an annual fee for the commercial provision of service</li> <li>2. SR 25,000 (twenty five thousand riyals) as an annual fee for administrative works and services</li> </ol>
Provision of Global Mobile Personal Communications Services (GMPCS)	<ol style="list-style-type: none"> <li>1. SR 150,000 (one hundred fifty thousand riyals) as an annual fee for the commercial provision of service</li> <li>2. SR 7,500 (seven thousand five hundred riyals) as an annual fee for administrative works and services</li> </ol>
Internet Service Provider (ISP) Services	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Automated Vehicle Location (AVL)	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Call Center Service	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Network Operation Center Services	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Internet Services on Airplanes in KSA Airspace	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Mobile Communication Service Onboard Aircraft In KSA	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Carrier Service Provider (CSP)	<ol style="list-style-type: none"> <li>1. Annual fee for license of one percent (1%) of net revenues resulting from the rental of surplus capacity</li> <li>2. Annual fee for the commercial provision of service of ten percent (10%) of net revenues resulting from the rental of surplus capacity, with an exception where this rate shall be five percent (5%) for the first year and eight percent</li> </ol>





	(8%) for the second year as of the date of issuance of the license
Broadband Satellite Services	<ol style="list-style-type: none"> <li>1. Annual fee for the commercial provision of service of ten percent (10%) per annum of the net revenues of the licensee</li> <li>2. Annual fee for license of one percent (1%) of net revenues of the licensee</li> </ol>
Wholesale Infrastructure Services	<ol style="list-style-type: none"> <li>1. Annual fee for license of one percent (1%) of net revenues resulting from the provision of wholesale infrastructure services</li> <li>2. Annual fee for the commercial provision of service of ten percent (10%) of net revenues resulting from the provision of wholesale infrastructure services, with an exception where this rate shall be five percent (5%) for the first year and eight percent (8%) for the second year as of the date of issuance of the license</li> </ol>
Audio Text Services (700)	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>
Short Message Service (SMS)	<ol style="list-style-type: none"> <li>1. SR 5,000 (five thousand riyals) as an annual fee for license</li> <li>2. SR 10,000 (ten thousand riyals) as an annual fee for the commercial provision of service</li> </ol>