Annex A4
License Fee Regulation

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1 Introduction

1.1 This Regulation 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 Government 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 Commission shall set the principles and criteria for determining the telecommunications services fees in keeping with the competitive situation."

1.5 The License Classification Regulation 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 for the provision of telecommunications services licensed 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 Government in return for providing commercial communications 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 Fee for the allocation and use of numerical resources in accordance with the CITC's Regulations;

2.2.4 2.2.4 Fee for the allocation and use of frequency spectrum in accordance with the CITC's Regulations;

2.2.5 Other fee 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 Use Policy.

2.5 Annual fees in accordance with paragraph (2.2) shall be charged as of 01/01/2019G

from:

2.5.1 the holders of a unified license 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 IoT VNO);

2.5.4 the licenses to provide Wholesale 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 levied on all other licensed entities not covered by paragraph (2.5) as follows:

2.6.1 The charge of annual fee for the commercially provision of service to the licensees to provide data services at its current rate of eight percent (8%) of the Net Communications Revenue shall continue 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 charge of annual fee for the commercially 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 Services under the General Class License" shall continue 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).

2.7 The charge of fee stated in paragraph (2.2.1) shall be gradual for any new licensee to build an communications network with infrastructure so as to be two and a half percent (2.5%) in the first fiscal year or a part thereof, five percent (5%) per cent) 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 for unlicensed services or any other revenues from the fee. All dues of the Government and dues of the CITC in respect of the provision of commercial communications 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 Regulation and its annexes in accordance with the 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 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 and the payment details that the Licensee have to comply with after being notified thereof.

2.12 This Regulation supersedes the “Regulatory Framework on Fees for Unified Licenses with Infrastructure” issued under the CITC’s Decision No. (337/1438) dated 11/4/1438H and the “Regulatory Framework on Fees” issued under the CITC’s Decision No. (1440/400) dated 01/05/1440H

3 Cost Item 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 Network Service Provider (ISP)
	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 Network Service Provider (ISP)
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.

4 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 Service Authorization
Wholesale License	SR 100,000 (one hundred thousand riyals) as a fee for the issuance of the License
General Class License	SR 10,000 (ten thousand riyals) as a fee for the issuance of the License This fee also covers the fee for the issuance of Service Authorization for the default services covered under the General Class License mentioned in clause 6.2 of the License Classification Regulation For the rest of the services covered under the General Class License, mentioned in clause 6.1 of the License Classification Regulation, the operator will have to pay a separate issuance fee for each Service Authorization as specified in the rest of this table
Mobile Virtual Network Operators Services (MVNOs)	SR 5,000,000 (five million riyals) as a fee for the issuance of the Service Authorization
Internet of Things (IoT) - Virtual Network Operator (VNO) Services	SR 1,000,000 (one million riyals) as a fee for the issuance of the Service Authorization
Digital Certification Services	SR 1,000 (one thousand riyals) as a fee for the issuance of the Service Authorization
VSAT System Communications Service	SR 30,000 (thirty thousand riyals) as a fee for the issuance of the Service Authorization (to be paid only for once upon issuance of the Service Authorization)
Provision of Global Mobile Personal Communication Services (GMPCS)	SR 50,000 (fifty thousand riyals) as a fee for the issuance of the Service Authorization (to be paid only once upon issuance of the Service Authorization)
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 Service Authorization for SR 100,000 (one hundred thousand riyals) to be paid for once
Internet Service on Airplanes in KSA Airspace	SR 5,000 (five thousand riyals) as a fee for the issuance of the Service Authorization
Mobile Communication Service onboard Aircraft in KSA	SR 5,000 (five thousand riyals) as a fee for the issuance of the Service Authorization
Audio Text Services (700)	Bank Guarantee of SR 500,000
Short Message Service	Bank Guarantee of SR 500,000
IXP	SR 50,000 (fifty thousand riyals) as a fee for the issuance of the Service Authorization (to be paid only once upon issuance of the Service Authorization)
International Cable Landing Station	SR 50,000 (fifty thousand riyals) as a fee for the issuance of the Service Authorization (to be paid only once upon issuance of the Service Authorization)

Fixed voice reselling	SR 50,000 (fifty thousand riyals) as a fee for the issuance of the Service Authorization (to be paid only once upon issuance of the Service Authorization)

5 Table of "Annual Fees for Commercial provision of service and Other Fees Charged by the CITC for Services under the General Class License" applicable until 31-Dec-2020G

Note: The Annual fees mentioned in this section is only applicable until 31-Dec-2020G in line with clause 2.6 of this Regulation. From 1-Jan-2021G, fees will be charged as per clause 2.2. onwards of this Regulation

Type of Service	Annual Fee for Service
General Class License	1. SR 10,000 (ten thousand riyals) as an annual fee for the commercially provision of service
VSAT System Communication Service	2. SR 30,000 (thirty thousand riyals) as an annual fee for the commercially provision of service 3. SR 25,000 (twenty five thousand riyals) as an annual fee for administrative works and services
Provision of Global Mobile Personal Communication (GMPCS)	1. SR 150,000 (one hundred fifty thousand riyals) as an annual fee for the commercially provision of service 2. SR 7,500 (seven thousand five hundred riyals) as an annual fee for administrative works and services
Internet Service on Airplanes in KSA Airspace	1. SR 5,000 (five thousand riyals) as an annual fee for Service Authorization 2. SR 10,000 (ten thousand riyals) as an annual fee for the commercially provision of service
Mobile Communication Service onboard Aircraft in KSA	1. SR 5,000 (five thousand riyals) as an annual fee for Service Authorization 2. SR 10,000 (ten thousand riyals) as an annual fee for the commercially provision of service
Broadband Satellite Services	1. Annual fee for the commercially provision of service of ten percent (10%) per annum of the net revenues of the Service Provider 2. Annual fee for Service Authorization of one percent (1%) of net revenues of the Service Provider
Audiotext Service (700)	1. SR 5,000 (five thousand riyals) as an annual fee for Service Authorization 2. SR 10,000 (ten thousand riyals) as an annual fee for the commercially provision of service
Short Messaging Service (SMS)	1. SR 5,000 (five thousand riyals) as an annual fee for

Type of Service	Annual Fee for Service
	Service Authorization 2. SR 10,000 (ten thousand riyals) as an annual fee for the commercially provision of service
IXP	1. Annual fee for the commercial provision of service of ten percent (10%) per annum of the net revenues of the licensee 2. Annual fee for license of one percent (1%) of net revenues of the licensee
International Cable Landing Station	1. Annual fee for the commercial provision of service of ten percent (10%) per annum of the net revenues of the licensee 2. Annual fee for license of one percent (1%) of net revenues of the licensee
Fixed voice reselling	1. Annual fee for the commercial provision of service of ten percent (10%) per annum of the net revenues of the licensee 2. Annual fee for license of one percent (1%) of net revenues of the licensee
Digital Certification Services	1. SR 10,000 (ten thousand riyals) as annual fee for providing the service on a commercial basis NCDC shall provide its services to the Service Provider free-of-charge during the first Service Authorization period (the first five years), and a fee may be added for covering NCDC's costs following elapse of the said period

6 Fees for allocation and use of numbers

For purposes of the fee structure, a “number” is any number, code or other sign used by the telecomservice provider to identify the communication facilities for connection between sending and receiving locations or to identify the type of transmission performed. For example, the fixed telephone number “13456789“ is composed of 8 digits; the mobile number “512345678“ is composed of 9 digits and the freephone number “8001232222“ is composed of 10 digits. The following table shows the fee structure for numbers of different lengths.

Annual fee for usage of each number	One-time fee for allocation of each number	Number of digits
30 Halalah	10 Halalah	8 digits or more
3 Saudi Riyals	1 Saudi Riyal	7
5,000 Saudi Riyals	1,500 Saudi Riyals	6
50,000 Saudi Riyals	15,000 Saudi Riyals	5
150,000 Saudi Riyals	50,000 Saudi Riyals	4
300,000 Saudi Riyals	100,000 Saudi Riyals	3(*)

(*) the service provider pays 50% of the one-time fee for allocation. The remaining 50% is paid upon request for allocation. In the case of an allocation request without a prior reservation, the one-time allocation fee is paid all at once

7 Fees for handling complaints

7.1 The Commission shall receive a financial compensation from service providers in return for conducting the procedures related to the complaints as follows:

7.1.1 An amount of (500 Riyals) five hundred Riyals, for all complaint procedures in case the service provider remedied them in the study phase at the Commission.

7.1.2 An amount of (1000 Riyals) one thousand Riyals, for all complaint procedures in case a decision to adjudicate the complaint was issued against the service provider.

8 Fees for Frequencies

8.1 Fees for use of frequencies will continue to be as per the relevant regulation on 'Frequency usage fees in the Kingdom of Saudi Arabia' published on the CITC website