



REPUBLIC OF PALAU
MINISTRY OF PUBLIC INFRASTRUCTURE, INDUSTRIES AND COMMERCE
BUREAU OF COMMUNICATIONS

Fees Regulation for the Telecommunications Sector

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Fees Regulation for the Telecommunications Sector

Chapter I. Preliminary

§1. Bureau

This regulation is promulgated by the Bureau pursuant to the powers granted by §302(b), 304(a) and 705(c) of the Act.

§2. Title

This regulation may be cited as the “Fees Regulation for the Telecommunications Sector, 2022.”

§3. Definitions

- (a) Any word, phrase or expression used in this regulation shall, unless the context requires otherwise or it is expressly defined herein, have the same meaning as it has in the Act.
- (b) Headings and titles used in this regulation are for reference only and shall not affect their interpretation or construction.
- (c) References to a word or phrase in the singular encompass references to words or phrases in the plural, and vice versa.
- (d) The terms listed below shall have the following meanings:
 - (1) “Act” means the Palau National Telecommunications Act of 2017 codified in Title 15 of the Palau National Code, as may be amended from time to time;
 - (2) “Adjusted gross revenue” means the operating revenues accrued during a fiscal year from the provision of telecommunications networks and telecommunications services by a licensee less payments made to other licensees for interconnection and access services. Adjusted gross revenue in accordance with the Act does not include:
 - (A) operating grants and contributions which a licensee may receive from the Government of Palau, or another institution;
 - (B) revenues from the provision of services not subject to licensing under the Act; or
 - (C) revenues from the sale, lease or distribution of customer equipment.
 - (3) “Bureau” means the Bureau of Communications established under Title 2 of the Palau National Code, or its successors;
 - (4) “Class license” means an operating license granted in accordance with Chapter IV of the Telecommunications Licensing Rules, 2022, and its amendments;
 - (5) “Class licensee” means a person who holds a Class License;
 - (6) “Day” means calendar days, unless otherwise stated;
 - (7) “Fiscal year” means the 12-month period ending September 30 in accordance with accounting and audit schedules of the Office of the National Public Auditor of the Republic of Palau;
 - (8) “Individual consolidated license” means an operating license granted pursuant to §705 of the Act;
 - (9) “Individual consolidated licensee” means PNCC as per §705 of the Act;

- (10) “Individual licensee” means a person who holds an individual license;
- (11) “Individual license” means an operating license granted in accordance with Chapter III of the Telecommunications License Rules, 2022, and its amendments;
- (12) “Licensee” means, for the purpose of this regulation, a holder of an individual license, an individual consolidated license or a class license as the context may require;
- (13) “National significant numbers” means a sequence of digits that can identify an origin or destination of communications in the Republic of Palau and that, when preceded by the country code for the Republic of Palau, can even be used for this identification in another country;
- (14) “Operating license” means either an individual license, an individual consolidated license or a class license;
- (15) “Palau” means the Republic of Palau;
- (16) “Person” means any natural person or other nongovernmental entity, however organized;
- (17) “PNCC” means the Palau National Communications Corporation;
- (18) “Spectrum license” means a license authorizing the use of specific spectrum blocks or particular frequencies within the radio frequency spectrum for the provision of telecommunications services in Palau as established in the Radio Frequency Licensing Rules, 2022, and its amendments;
- (19) “Spectrum licensee” means a person who holds a spectrum license;
- (20) “Station license” means a license authorizing the deployment of a specific transmitting station in Palau as established in the Radio Frequency Licensing Rules, 2022, and its amendments;
- (21) “Station licensee” means a person who holds a station license;
- (22) “USD” means Dollars of the United States of America.

§4. General purpose and principles for setting fees by the Bureau

- (a) The fees set forth in this regulation have been determined in accordance with the general purpose established in §304(a) of the Act.
- (b) The fees set forth in this regulation are set in consideration of the following factors:
 - (1) the need to collect sufficient revenues from licensees to fund the operations and activities of the Bureau;
 - (2) the impact of fees on consumers and operators;
 - (3) the need to promote efficient use of national scarce resources; and
 - (4) ensuring conformity with the Act.

Chapter II. Fees Applicable to Individual Licenses, Individual Consolidated Licenses, and Class Licenses

§5. License application fees

- (a) A person requesting:
 - (1) the grant of an individual license, or
 - (2) the registration as a class license,

shall pay the application fee specified in Schedule 1 prior to filing the license application or registration.

- (b) The Bureau shall not process an application for the grant of an individual license or for the registration of a class license if the applicant fails to demonstrate in the manner prescribed by the Bureau that the relevant application fee has been paid.
- (c) The application fee is not refundable.

§6. License renewal fees

- (a) A person requesting the renewal of:
 - (1) an individual license;
 - (2) an individual consolidated license; or
 - (3) a class license,shall pay the renewal fee specified in Schedule 1 prior to filing of the renewal application.
- (b) The Bureau shall not process an application for renewal of an individual license, an individual consolidated license or a class license if the licensee fails to demonstrate in the manner prescribed by the Bureau that the relevant application fee has been paid.
- (c) The renewal fee is not refundable.

§7. Annual fee payable by individual licensees, the individual consolidated licensee and class licensees

- (a) Individual licensees, the individual consolidated licensee and class licensees shall pay to the Bureau:
 - (1) an annual license fee as specified in Schedule 1;
 - (2) based on a percentage of the licensee's adjusted gross revenues for the previous fiscal year.
- (b) Individual licensees, the individual consolidated licensee, and class licensees shall pay the annual fee in the manner prescribed in Chapter IV.

Chapter III. Fees applicable to Spectrum Licenses, Station Licenses and Allocated National Significant Numbers

§8. Application fee for station and spectrum licenses

- (a) A person applying for a station license or spectrum license shall pay the application fee as specified in Schedule 1.
- (b) The Bureau shall not process an application for a Station or Spectrum license if the applicant fails to demonstrate, in the manner prescribed by the Bureau, that the relevant application fee has been paid.
- (c) The application fee is not refundable.
- (d) A person applying for a spectrum license being awarded in a competitive tender process shall pay:
 - (1) the application fee specified by the Bureau for that competitive tender, if any;
 - (2) in the manner prescribed by the Bureau in the relevant tender documents.

§9. Renewal fee for station licenses and spectrum licenses

- (a) Renewal of station licenses and spectrum licenses shall accrue a renewal fee as specified in Schedule 1.
- (b) The Bureau may refuse to process a renewal application for a station license or a spectrum license if the relevant renewal fee has not been paid.

§10. Annual fee for station licenses and spectrum licenses

- (a) The holder of a station license or spectrum license shall pay annual fees as specified in Schedule 1 for each year of the license term.
- (b) Station licensees and spectrum licensees shall pay the annual fee as follows:
 - (1) upon grant of a station license or spectrum license, the Bureau shall issue and serve on the licensee an invoice for an amount equal to the pro rata remainder of the fiscal year calculated from the date of issuance of the license until the last day of the fiscal year in question;
 - (2) by October 30 of every subsequent year of the station license or spectrum license term with the exception of the last year of the term, the Bureau shall issue and serve on the licensee an invoice for the applicable annual fee in accordance with Schedule 1;
 - (3) by October 30 of the last year of the license term, the Bureau shall issue and serve on the licensee an invoice for an amount equal to the pro rata remainder of the fiscal year calculated from the first day of the fiscal year in question to the last day of the license term.
- (c) This section shall apply to annual fees payable by the individual consolidated licensee for the right to use radio frequency resources assigned in its license.
- (d) Annual fees calculated in accordance with this section shall be payable in the manner specified in §18 within fifteen (15) days of receiving the invoice.

§11. Annual fee applicable for allocated national significant numbers

- (a) A licensee shall pay annual fees as specified in Schedule 1 for each national significant number that is allocated to it pursuant to the Numbering Rules, 2022, and its amendments.
- (b) The Bureau shall issue and serve on the licensee an invoice for the applicable annual fee for allocated national significant numbers by October 30 of every year based on:
 - (1) the total number of national significant numbers allocated to the licensee on October 1 of the year in question; and
 - (2) the applicable fee set forth in Schedule 1.
- (c) Upon an allocation of national significant numbers, the Bureau shall issue and serve on the licensee an invoice for the applicable annual fee equal to the pro rata remainder of the fiscal year calculated from the date of allocation until the last day of the fiscal year in question based on:
 - (1) the number of national significant numbers included in the allocation in question; and
 - (2) the applicable fee set forth in Schedule 1.
- (d) Licensees shall pay the invoice issued in accordance with subsections (b) and (c) in the manner specified in §18 within fifteen (15) days of receiving the invoice.

§12. Late payment of annual fees for station licenses, spectrum licenses and allocated national significant numbers

Should a person not pay the annual fee owed to the Bureau in full in the time and manner specified in §10(b) or §11(d), as applicable, the Bureau shall within five (5) working days direct the person to promptly:

- (a) pay any outstanding amount of the annual fee owed to the Bureau; and
- (b) pay the applicable late payment fee calculated in accordance with §17(a)(2).

§13. Deferred payment schedule

- (a) Notwithstanding the provisions of §10(b), §11(d) and §12, a licensee may request that the Bureau allow for annual fee payments to be fragmented into instalments and paid on the basis of a deferred payment schedule in accordance with §21.

Chapter IV. Payment Provisions for Individual Licensees, the Individual Consolidated Licensee and Class Licensees

§14. Reporting obligations for individual licensees, the individual consolidated licensee and class licensees

- (a) Licensees shall submit to the Bureau quarterly financial reports specifying the adjusted gross revenues accrued by the licensee in the quarter being reported as follows:
 - (1) the first quarter report for the period from October 1 to December 31, shall be submitted by January 15;
 - (2) the second quarter report for the period from January 1 to March 31, shall be submitted by April 15;
 - (3) the third quarter report for the period from April 1 to June 30, shall be submitted by July 15; and
 - (4) the fourth quarter report for the period from July 1 to September 30, shall be submitted by October 15.
- (b) Licensees shall submit to the Bureau an annual financial report specifying the adjusted gross revenues accrued by the licensee in the previous fiscal year by November 15 of every year.
- (c) Licensees may file an amended quarterly report to address clerical errors or other errors or omissions within thirty (30) days of the filing date referred to in subsection (a).
- (d) In addition to the reporting requirements set forth in subsections (a) and (b), licensee shall also submit audited financial statements to the Bureau for every fiscal year no later than six (6) months after the end of the fiscal year, provided the licensee earned over USD 1,000,000 in adjusted gross revenues during that fiscal year.
- (e) Licensees shall implement transparent accounting methods to ensure they are able to accurately report adjusted gross revenues in accordance with the Act and this regulation.

§15. Payment of annual fees by individual licensees, the individual consolidated licensee and class licensees

- (a) The Bureau shall issue and serve on licensees an invoice for the applicable annual fees set out in §7 by November 30 of every year based on:

- (1) the combined adjusted gross revenues reported by the licensee for the preceding fiscal year; and
 - (2) the applicable annual fee set by the Bureau in accordance with §19.
- (b) Licensees shall pay the invoice for the annual license fee owed to the Bureau in the manner specified in §18 within fifteen (15) days of receiving the invoice.

§16. Additional information

- (a) The Bureau may request by written order, and the licensee shall provide, additional information that is reasonably necessary to verify the information reported in accordance with §14(a) and (b), including, but not limited to:
- (1) audited financial statements of licensees with revenues below the threshold specified in §14(d);
or
 - (2) certifications of the truthfulness and correctness of adjusted gross revenue reported signed by a qualified auditor.
- (b) Licensees shall provide the additional information referred to in subsection (a) within the timeframe determined by the Bureau in its order.
- (c) In the event of a material difference in the amount of adjusted gross revenues reported by the licensee in accordance with §14 and the amount verified by the Bureau pursuant to subsection (a), the Bureau shall direct the licensee to:
- (1) submit an amended adjusted gross revenue report within a specified time;
 - (2) pay an additional fee installment corresponding to the difference between the annual fee effectively owed as verified by the Bureau in accordance with subsection (a) and the amount of annual fee paid by the licensee for that fiscal year; and
 - (3) pay any late payment fee owed to the Bureau in accordance with §17(a)(2), if applicable.

§17. Fee for late payments

- (a) Should a licensee not pay the annual fee owed to the Bureau in full in the time specified in §15(b), the Bureau shall within five (5) working days direct the licensee to promptly:
- (1) pay any outstanding balance of the fee owed to the Bureau; and
 - (2) pay a late payment fee according to the following formula:

$$\text{Late payment fee} = \text{Amount of fee owed} * \frac{\text{Number of days late}}{365 \text{ days}}$$

- (b) For purpose of the formula in subsection (a)(2), the “Number of days late” means the number of days starting on the first day after the end of the grace period until the day the licensee effectively pays the fee owed to the Bureau in full.

§18. Payment method

- (a) Pursuant to §304(b) of the Act, all fees and charges payable to the Bureau shall be directed to a bank account nominated by the Bureau.
- (b) The Bureau shall make this information known to licensees in advance of when payment is due.
- (c) Licensees shall pay fees using the prescribed forms made by the Bureau from time to time.

§19. Setting of the annual license fee

- (a) By November 30 of every year the Bureau shall calculate the specific percentage of adjusted gross revenue that licensees must pay in accordance with §7.
- (b) The Bureau shall set the specific percentage referenced in subsection (a):
 - (1) within the percentage range established in §3 of Schedule 1 of this regulation;
 - (2) taking into account the adjusted gross revenues reported by licensees pursuant to §13; and
 - (3) in a manner to ensure the Bureau’s funding needs for the fiscal year in question are met.
- (c) For avoidance of doubt:
 - (1) The calculation referred to in subsection (a)
 - (A) does not amend or modify this regulation; and
 - (B) can be made by the Bureau as simple administrative calculation without the need to undertake a rulemaking or other consultation process under the Act.
 - (2) the Bureau in determining its funding needs for the fiscal year in question shall base its needs on its annual budget for that fiscal year as submitted pursuant to §304(4) of the Act.

§20. Monies collected in excess of the Bureau’s budget

Any monies that the Bureau collects in excess of its approved annual budget and forecast funding needs shall be allocated in accordance with §304(f) of the Act.

§21. Deferred payment schedule

- (a) Notwithstanding §15, under exceptional circumstances a licensee may request that the Bureau allow for its annual fee payments to be fragmented into up to four (4) instalments and paid on the basis of a deferred payment schedule.
- (b) The Bureau may grant the request in subsection (a) provided that it is satisfied that:
 - (1) based on exceptional circumstances the payment of annual fees in one installment and on the dates established in this regulation will likely cause material financial harm to the licensee or otherwise adversely and materially impact the licensee’s ability to provide service;
 - (2) the granting of a deferred payment schedule is not unduly discriminatory or distorts competition in the market; and
 - (3) the granting of the deferred payment schedule will not adversely impact the operation of the Bureau.
- (c) Any deferred payment schedule granted under subsection (a) may be:
 - (1) subject to conditions established by the Bureau; and
 - (2) rescinded by the Bureau at its discretion with fifteen (15) days’ notice.
- (d) Late payment fees calculated in accordance with §17(a)(2) shall not apply if the licensee complies with the deferred payment schedule established by the Bureau under subsection (a).

Chapter V. Transition Provisions

§22. Transition framework

Within thirty (30) days of the effective date of this regulation, the Bureau shall:

- (a) make available prescribed forms for making fee payments established in §18(c); and
- (b) designate an account or accounts payable for the deposit of licensees' fees.

§23. Payment of annual fees by existing service providers

- (a) Existing service providers shall pay annual fees set out in §7 starting the fiscal year immediately following the effective date of this regulation.
- (b) For avoidance of doubt, existing service providers that obtain licenses consistent with the Act and applicable rules issued by the Bureau during the 2021-2022 fiscal year shall:
 - (1) submit quarterly and annual reports for the 2021-2022 fiscal year in accordance with §14;
 - (2) pay the first annual fees set out in §7 and invoiced by the Bureau by November 30, 2023 based on the adjusted gross revenues reported for fiscal year 2021-2022.
- (c) In this section, "existing service provider" means a person:
 - (1) that is authorized to provide telecommunications services in Palau before the effective date of the Act, and
 - (2) that has obtained an operating license and/or a radio frequency license in accordance with the Act.

§24. Phasing in of the introduction of annual license fees

For the first three fiscal years immediately following the effective date of this regulation, the amount of annual license fee calculated under §19 will be reduced by an amount equivalent to any grants, loans and monies appropriated to the Bureau's budget.

Schedule 1 – Fees

§1. Fees expressed in USD

All fees established in this schedule are expressed in USD.

§2. Application and renewal fees for individual, individual consolidated and class licensees

License Type	Application Fee	Renewal Fee
Individual License	320	160
Individual Consolidated License	0	160
Class License	160	80

§3. Annual license fees for individual, individual consolidated and class licensees

License Type	Description	Annual Fee
Individual License, Individual Consolidated License and Class License	Gross revenues below USD 100,000	0
	Gross revenues equal to or higher than USD 100,000	Up to 2% of adjusted gross revenues as determined by the Bureau in accordance with §19 (a)

§4. Fees applicable to station licenses

License Type	Application Fee	Annual Fee	Renewal Fee
Aeronautical Station (ground station)	80	220	40
Aeronautical Station (mobile station)	80	190	40
Amateur License	20	20	10
Ship Station License	80	100	4]
Satellite Earth Station License	160	200	80
Other Station License	40	As determined by the Bureau in the station license	As determined by the Bureau in the station license

§5. Fees applicable to Frequency Licenses

License Type	Description	Application Fee	Annual Fee	Renewal Fee
Cellular Mobile	Frequencies below 1 GHz (per 10 MHz)	160 or as determined in the tender documents	8,000	As determined by the Bureau at the time of renewal
	Frequencies above 1 GHz, but below 6 GHz (per 10 MHz)	160 or as determined in the tender documents	4,000	As determined by the Bureau at the time of renewal
	Frequencies above 24 GHz (per 100 MHz)	160 or as determined in the tender documents	As determined by the Bureau in the spectrum license	As determined by the Bureau in the spectrum license
Fixed link License (point-to-point)	Bandwidth of less than 7 MHz	80	175	40
	Bandwidth between 7 MHz – 14 MHz	80	600	40
	Bandwidth of more than 14 MHz	80	800	40
Land Mobile License	12.5 kHz channel	40	[55	20
	25 kHz channel	40	[110	20
Special Temporary License	As determined by the Bureau in the Frequency License	160	N/A	160]
Other Radiocommunication Services	As determined by the Bureau in the Frequency License	40	As determined by the Bureau in the spectrum license	As determined by the Bureau in the spectrum license

Annual fees for Cellular Mobile License set forth in the table above assume the assignment of a license with national coverage. The Bureau may reduce such fees in proportion to the population covered in case the Cellular Mobile License is granted with sub-national coverage.

Fees established in the table above apply to the individual consolidated licensee taking account the specific frequency bands, services and bandwidth assigned in its license.

§6. Fees applicable to allocated National significant numbers

Description	Annual Fee
Numbers used for fixed or mobile services	0.0016 per national significant number