



Commission for  
**Communications Regulation**

## Information Notice

### **Postal Levy 2005**

**Amended**

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## 1 Foreword

The overall vision for the Commission for Communications Regulation (ComReg) encapsulates an efficient, dynamic and competitive market. The promotion of the development of the postal sector is integral to this vision.

The European Communities (Postal Services) Regulations, 2002, S.I. 616 of 2002, opened up all outgoing trans-border mail to competition from 1 January 2004. The regulations also require providers of postal services with a turnover in excess of €500,000 to obtain a “postal service authorisation” from ComReg. Effective 1 January 2004<sup>1</sup> ComReg extended the postal levy to all Authorised Postal Service Providers, which was up to then only paid by An Post.

The current amended levy, effective 1 July 2005, reflects both the most recent financial information available to ComReg in relation to the Authorised Service Providers who offer a postal service and more closely aligns the amount payable with the costs incurred by ComReg in executing its obligations as regulator of the Irish postal industry. Any surplus of levy income over the expenses incurred by the Commission in the discharge of its functions will be either retained by the Commission to be offset against levy obligations for the subsequent year, or be refunded proportionately to the applicable undertakings on whom the levy is imposed.

The levy for An Post of 0.25 per cent of the turnover, arising from the provision of the universal service remains unchanged.

A two tier levy is introduced for all holders of Postal Service Authorisations, and for An Post (in respect of postal services that fall outside the scope of the Universal Service)

- €1,000, where the relevant turnover of the applicable undertaking is less than €20,000,000;
- or €15,000, where the relevant turnover of the applicable undertaking is equal to, or more than, €20,000,000.

**Commissioners.**

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<sup>1</sup> ComReg03/139r Regulation of Postal Services – Postal Service Authorisations, Reserve area Controls and Levy

## 2 Introduction

### 2.1 Current Postal Levy

The current postal levy<sup>2</sup> section 5 states:

(1) The amount of the levy imposed on the universal service provider, in respect of the levy period, is:

(a) 0.25 per cent of the relevant turnover, for the relevant financial year, of the universal service provider arising from the provision of the universal service; and

(b) 0.075 per cent of the relevant turnover, for the relevant financial year, of the universal service provider arising from the provision of postal services falling outside the scope of the universal service.

(2) The amount of the levy imposed on each applicable undertaking, other than the universal service provider, in respect of the levy period, is the greater of 0.075 per cent of the relevant turnover of each such applicable undertaking, for the relevant financial year, or €1,000.

### 2.2 Why has ComReg amended the current levy?

The part of the levy which covers the cost of regulation of the universal service has operated effectively and consistently for a number of years and did not require amendment.

However the part of the levy concerning the cost of regulation of the non universal service ( 0.075 % of turnover) was set in late 2003 based on best estimates of the number of operators and their turnover. More recent information available to ComReg in relation to the number of Operators offering a postal service and their turnover points to a need to review the amount payable so as to ensure that ComReg collects an amount equivalent to the cost it incurs.

ComReg has explored a number of options for amending the levy to ensure that it is fair and equitable to all operators whilst ensuring sufficient funds are collected to cover regulatory costs. As a result, ComReg has now decided to introduce a two tiered flat fee for turnover arising from the provision of postal services falling outside the scope of the universal service by An Post and holders of Postal Service Authorisations.

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<sup>2</sup> S.I. No. 401 of 2004 COMMUNICATIONS REGULATION ACT 2002 (SECTION 30) POSTAL LEVY ORDER 2004

### **2.3 The new levy order**

The statutory instrument S.I. No 319 of 2005 states:

#### **An Post**

The amount of the levy imposed on the universal service provider, in respect of each levy period, is the aggregate of:

- (a) 0.25 per cent of the relevant turnover, for the relevant financial year, of the universal service provider arising from the provision of the universal service; and
- (b) €15,000, where the relevant turnover, for the relevant financial year, of the universal service provider arising from the provision of postal services falling outside the scope of the universal service is equal to or greater than €20,000,000, or, €1000, where the relevant turnover, for the relevant financial year, of the universal service provider arising from the provision of postal services falling outside the scope of the universal service is less than €20,000,000.

#### **Authorised Service Providers**

The amount of the levy imposed on each applicable undertaking, other than the universal service provider, in respect of each levy period, is either:

- (a) €15,000, where the relevant turnover of the applicable undertaking is equal to, or more than, €20,000,000; or
- (b) ) €1,000, where the relevant turnover of the applicable undertaking is less than €20,000,000.

The postal levy threshold levels associated with Authorised Service providers will also require regular intervention in order to re-define the upper tier threshold and associated levies.