

Poland introduces new levy on VOD platforms

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As of 1 July 2020, video-on-demand (VOD) platforms operating in Poland will be required to pay an additional levy on their local revenue.

According to the new regulations, VOD platforms operating in Poland must pay 1.5% of the revenues obtained from subscription payments or advertising revenues (depending on which revenue is higher) to the Polish Film Institute (PISF). The new regulations are intended to support cinematography in Poland, which has been strongly affected by restrictions caused by the coronavirus pandemic.

Who is affected by the levy?

The new regulations apply to entities providing VOD services (both local and foreign ones).

The new regulations take into account certain exemptions, including:

- ▶ Micro-entrepreneurs (i.e., entrepreneurs who employed on average less than 10 employees and their annual net turnover or total assets are lower than €2m in at least one of the last two years).
- ▶ Entities whose number of users in the previous year was lower than 1% of users of broadband internet services in Poland. The number of users is determined on the basis of inventory referred to in art. 29 of the Act on supporting the development of telecommunications services and networks.

How is the levy calculated?

The 1.5% levy is calculated on revenues obtained from:

- ▶ Fees for access to publicly available on-demand audiovisual media services, or
- ▶ Revenue obtained from broadcasting commercial communications (if this income is greater in a given accounting period)

For entities registered in another European Union country, the levy will be calculated on the basis of revenues obtained in the territory of Poland. Under the new regulations, the levy is to be paid on a quarterly basis, within 30 days after the end of the quarter. The payments are considered deductible for tax purposes.

Possible impact

Companies operating in the field of on-demand audiovisual media services (i.e., video on demand), within the territory of Poland, should become familiar with new the provisions and prepare to comply with the new requirements. The new law may be challenging for enterprises offering VOD along with other types of services (such as media companies or news portals).

It is important to note that although the levy was introduced as part of a pandemic anti-crisis package, it is expected to remain as a permanent levy.

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