Act

on the Cultural Contribution of On-Demand Streaming Services to Promote Icelandic Culture and the Icelandic Language

From the Minister of Culture, Innovation and Higher Education

Article 1

Objective

Streaming services shall pay an annual cultural contribution on services sold in Iceland.

The purpose of the cultural contribution is to promote Icelandic culture and the Icelandic language by supporting and encouraging the production of new domestic content within the meaning of this Act.

Article 2

Definitions

For the purposes of this Act, the following terms shall have the meanings set out below:

1. *Direct investment* means investment in the production, co-production or exhibition rights, or equivalent, of new domestic content, as well as investment in Icelandic-language subtitling and dubbing of foreign content.
2. *Media outlet* means any media outlet which regularly provides the public with content which is subject to editorial control, cf. Article 2 of the Media Act No. 38/2011.
3. *Media services:* the services provided by media outlets.
4. *Domestic content* means new feature films, short films, scripted television programmes, game shows and entertainment programming, and documentaries, where more than half of the spoken language is Icelandic and where at least one of the following conditions is fulfilled:
    a. At least 50% of production costs are incurred in Iceland; or
    b. At least 50% of filming takes place in Iceland.

    News, sports broadcasts, advertising, teletext services and teleshopping shall not qualify as domestic content.
5. *Cultural contribution* means a tax levied on the total subscription revenues of streaming services generated in Iceland.
6. *On-demand audiovisual media service* (non-linear audiovisual media service) means a media service provided irrespective of the device used to receive the content and irrespective of whether payment is required for the content, and enabling users to watch programmes in their entirety or in part at the time they choose and on their specific request on the basis of the media service provider’s catalogue.
7. *New content* means content whose production or co-production is ongoing or has been completed during the current or preceding calendar year. Investment in exhibition rights for content older than three years shall not qualify as investment in new content.

8. *Editorial responsibility* means effective control over the selection and organisation of content, cf. Article 2 of the Media Act No. 38/2011.
9. *Streaming service* means a media service provider subject to editorial responsibility, offering on-demand audiovisual media services enabling users to stream or download content.

Article 3

Taxable Entities

The obligation to pay the cultural contribution applies to streaming services established in Iceland or another EEA State that direct their services to individuals or legal entities in Iceland and provide on-demand audiovisual content in the form of feature films, short films, scripted television programmes or documentaries.

Article 4

Exemptions

The following entities are exempt from the obligation to pay the cultural contribution:

1. RÚV ohf. and other comparable public service media providers governed by public service media legislation in their EEA State of establishment;

2. Streaming services with annual turnover below ISK 20,000,000 or a subscriber base below 1% of households in Iceland;

3. Streaming services providing exclusively sports content, news or religious content.

Article 5

Notification Obligation

A taxable streaming service, its representative or other authorised person shall notify the Directorate of Internal Revenue, on its own initiative, of its activities in Iceland, in the form determined by the tax authorities.

Where a streaming service subject to notification fails to notify its activities, the Directorate of Internal Revenue shall determine it to be a taxable entity, cf. Article 3, and notify it accordingly. The Directorate may request an opinion from the Media Commission as to whether the service qualifies as a streaming service within the meaning of this Act.

Article 6

Tax Base, Rate and Deductions

The tax base shall consist of total subscription revenues from on-demand audiovisual media services provided to individuals and legal entities in Iceland during the preceding calendar year. Subscription revenues from linear programming that is made available on an on-demand streaming service, revenues from pay-per-view television, and revenues from foreign retransmission shall not be included in the tax base.

The cultural contribution shall amount to 5% of the tax base, subject to deductions for direct investment within the meaning of this Act.

Direct investment shall reduce the cultural contribution, provided that the Icelandic Film Centre has confirmed that the investment qualifies under this Act.

Investment costs exceeding 5% of the tax base may be spread over up to a three-year period, subject to proper reporting cf. Article 9.

Public grants, reimbursements or other public funding received in relation to an investment shall be deducted from eligible investment costs for up to four years.

Article 7

Confirmation of Investment in Domestic Content

Streaming services shall apply to the Icelandic Film Centre for confirmation that content qualifies as domestic content during the year of investment. The application shall be submitted in the form determined by the Directorate of Internal Revenue.

The Film Centre shall decide on applications within eight weeks and may grant confirmation valid for up to five years, including the year of application.

The Film Centre shall monitor confirmed projects and may revoke confirmation, in whole or in part, where it is based on incorrect or misleading information. The revocation may cover the current calendar year and the two preceding calendar years.

A streaming service provider shall be obliged to provide the Icelandic Film Centre with all information and documentation necessary to verify whether the conditions for the granting of confirmation pursuant to paragraph 2 are fulfilled, or whether changes have occurred since the confirmation was granted such that it is subject to revocation.

The Icelandic Film Centre shall notify the taxable person and the Director of Internal Revenue of its decisions under this Article

Article 8

Exchange of Information

The Directorate of Internal Revenue may, upon request or on its own initiative, share relevant information and documentation with the Icelandic Film Centre for the purposes of assessment and monitoring cf. Article 7.

The Icelandic Film Centre shall be bound by statutory confidentiality obligations.

Article 9

Accounting and Reporting

Taxable entities shall submit an annual report to the tax authorities no later than 1 June, in the form determined by the Directorate of Internal Revenue.

Subscription revenues shall be accounted for separately and be available to tax authorities upon request.

All figures shall be certified by an independent licensed auditor.

Article 10

Assessment

The Directorate of Internal Revenue shall be responsible for the assessment of the cultural contribution, which shall take place no later than 1 November each year.

If a taxable streaming service provider fails to submit a report within the time limit prescribed by this Act, the Director of Internal Revenue shall estimate the assessment base of the cultural contribution at such a level that there is no risk that the amounts are estimated lower than they are in fact, and shall determine the cultural contribution in accordance with that estimate.

Article 11

Due Date and Final Date for Payment

The due date for payment of the cultural contribution shall be 1 November each year, and the final date for payment shall be 15 days thereafter.

Where the final date for payment falls on a public holiday or an official non-working day, it shall be deferred to the next working day thereafter. If the liable party has not paid by the final date for payment, default interest shall be payable to the Treasury in accordance with Article 6(1) of the Act on Interest and Indexation, No. 38/2001, on the amount due, calculated from the due date.

Article 12

Surcharge

Where payment of the cultural contribution is not made within the prescribed time limit, the taxable person shall be subject to a surcharge, in addition to the tax, based on the return submitted pursuant to Article 9(1) or Article 10(2). The surcharge shall amount to 1% for each commenced day following the due date on the unpaid amount of tax, subject to a maximum of 10%.

Article 13

Appeals

Decisions of the Directorate of Internal Revenue may be appealed to the Internal Revenue Board in accordance with the Act on the Internal Revenue Appeals Board, No. 30/1992.

Decisions of the Icelandic Film Centre may be appealed to the Minister responsible for culture, innovation and higher education, who shall, as a general rule, issue a ruling in the matter within six weeks.

The time limit for appeal is 30 days,

Article 14

Allocation of the Cultural Contribution

The cultural contribution provided for under this Act shall accrue to the Treasury. Each year, the Minister responsible for state finances and financial affairs shall, on the basis of the budgetary authorization in the State Budget, determine the allocation of funding for the support of the production of feature films, short films, scripted television content and documentaries in the Icelandic language, taking into account the State Budget's revenue estimates from the cultural contribution under this Act.

Article 15

Miscellaneous Provisions

To the extent that matters relating to assessment, collection, reporting, accounting arrangements, supervision, obligations to provide information, penalties, appeals and other implementation are not governed by this Act, the provisions of the Income Tax Act, No. 90/2003, shall apply, as appropriate.

Article 16

Regulation-making Authority

The Minister is authorised to lay down further rules on the implementation of this Act by regulation, including, inter alia, rules on notification obligations, the submission of reports, the allocation of costs, and other related matters.

Article 17

Entry into Force and other related matters

This Act shall enter into force on [1 January 2026][1] and shall be applied in the assessment of public charges in 2027 on the basis of the accounts and reports of streaming service providers concerning their activities in Iceland during the 2026 calendar year.

The effectiveness of the implementation of this Act shall be evaluated three years after its entry into force.

[1] As is to be expected the entry into force of the Act will be postponed, presumably until 1 June 2026.