

Message 901

Communication from the Commission - TRIS/(2026) 0222

Procedure for the provision of information EC - EFTA

Notification: 2026/9002/IS

Notification – Notification – Notifizierung – Нотификация – Oznámení – Notifikation – Γνωστοποίηση – Notificación – Teavitamine – Ilmoitus – Obavijest – Bejelentés – Notifica – Pranešimas – Paziņojums – Notifika – Kennisgeving – Zawiadomienie – Notificação – Notificare – Oznámenie – Obvestilo – Anmälan – Fógra a thabhairt

Does not open the delays - N'ouvre pas de délai - Kein Fristbeginn - Не се предвижда период на прекъсване - Nezahajuje prodlení - Fristerne indledes ikke - Καμμία έναρξη προθεσμίας - No abre el plazo - Viivituste perioodi ei avata - Määräaika ei ala tästä - Ne otvara razdoblje kašnjenja - Nem nyitja meg a késéseket - Non fa decorrere la mora - Atidėjimai nepradedami - Atlikšanas laikposms nesākas - Ma jiftaħ il-perijodi ta' dewmien - Geen termijnbegin - Nie otwiera opóźnień - Não inicia o prazo - Nu deschide perioadele de stagnare - Nezačína oneskorenia - Ne uvaja zamud - Inleder ingen frist - Ní osclaíonn sé na moilleanna

MSG: 20260222.EN

1. MSG 901 IND 2026 9002 IS EN 22-01-2026 IS NOTIF

2. Iceland

3A. Ministry for Foreign Affairs

3B. The Ministry of Culture, Innovation and Higher Education

4. 2026/9002/IS - SERV30 - Media

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

6. On-demand streaming service providers

7.

8. The bill proposes the adoption of a legislative framework in the field of tax law, providing that domestic and foreign on-demand audiovisual media service providers established within the European Economic Area (EEA) and directing their services to natural and legal persons in Iceland shall be subject to a cultural contribution in the form of a tax.

The bill proposes that the cultural contribution take the form of a tax amounting to 5% of the taxable base, defined as the total subscription revenues of streaming services generated in Iceland.

The contribution shall be reduced in proportion to direct investments in the production of domestic audiovisual works, and investments in Icelandic-language dubbing and subtitling of foreign content, and shall be fully offset once such investments reach 5% of the taxable base.

It is proposed that the revenue collected accrue to the State Treasury, in accordance with Article 37 of the Public Finance Act, No. 123/2015. It is further envisaged that the State's contribution to the Icelandic Film Fund will be increased by an equivalent amount, subject to the annual budgetary decisions of the Icelandic Parliament, concerning the allocation of appropriations to policy areas and sectors.

The bill proposes that domestic content is defined as new audiovisual works: feature films, short films, scripted television programmes, game shows and entertainment programming, and documentaries, where at least 50% of the spoken language is Icelandic.

In addition, one of the following criteria must be met:

- at least 50% of production expenditure is incurred in Iceland; or
- at least 50% of principal photography takes place in Iceland.

"New" in this context refers to audiovisual works whose production or co-production is ongoing or has been completed during the current or immediately preceding calendar year. Investments limited to the acquisition of exhibition or distribution rights for works older than three years do not qualify as investment in new content. The start of the production period is defined as the first day of principal photography, and the end as the delivery of the first final exhibition master (e.g. final master or DCP), in accordance with standard European public film-funding practices.

The obligation to register and to pay the cultural contribution applies to on-demand audiovisual media service providers established in Iceland or another EEA State; offering services directed at audiences in Iceland; and providing audiovisual content on an on-demand basis, within the meaning of the AVMS Directive.

Such providers must notify the tax authorities of their activities.

The legislation excludes:

- RÚV ohf. and other comparable public service media providers, inter alia in light of statutory obligations concerning commissioning from independent producers;
- streaming services with annual turnover in Iceland below ISK 20 million, or a subscriber base representing less than 1% of Icelandic households;
- streaming services whose services consist exclusively of sports, news, or religious content.

The legislation does also not apply to transactional video-on-demand (TVOD) services offering individual works on a pay-per-view basis, or video sharing platform services due to the absence of editorial responsibility.

Administrative responsibilities are allocated as follows:

- The Directorate of Internal Revenues: registration, assessment, and collection of the cultural contribution;
- The Icelandic Film Centre: assessment of qualifying audiovisual works and investments in subtitling and dubbing in Icelandic;

-The Media Commission: determination, in cases of doubt, of whether a service qualifies as an on-demand audiovisual media service.

Decisions by the tax authorities may be appealed in accordance with national tax law. Decisions by the Icelandic Film Centre concerning the qualification of works as domestic content may be appealed to the competent minister.

9. The introduction of the cultural contribution of on-demand streaming service providers takes place in an era of rapid technological developments in the media environment. Global players, including on-demand streaming service providers, that benefit from accessing the European audiovisual market, have had far-reaching effects on media, film and television sectors in Iceland as well as in other parts of Europe.

Access to viewing behaviour gives OTT services an advantage over traditional domestic media and multi-territory distribution enables transnational VOD-providers to directly reach large audiences. These rapid changes and international competition on the subscription and advertising market have had negative financial effects on traditional media and challenged the financial basis, accessibility and distribution of Icelandic films, television drama series and documentaries. Many efforts are in place to preserve the Icelandic language, spoken by less than 400.000 people in the world, the vast majority of whom live in Iceland. An international media environment poses real threats to the Icelandic language as well as digital technology and social media that encourage the adoption of English words, bypassing the complex grammar of the Icelandic language.

Under these circumstances, the Icelandic government wishes to ensure that both national on-demand audiovisual media service providers and on-demand audiovisual media service providers located in other EEA Member States, targeting audiences in Iceland, contribute to the production of Icelandic audiovisual works to ensure that Icelandic productions and the Icelandic language will also be represented on on-demand streaming services in the near future.

According to settled case-law, measures affecting the freedom to provide services may be justified if they pursue a legitimate public interest, such as cultural and linguistic diversity. Considering in particular the obligation to finance the production of European works, the Court of Justice of the European Union (CJEU) has ruled that protecting linguistic diversity can justify restrictions to the free movement of services, as long as the national measures are proportionate. (Case C-222/07 Uteca).

The cultural contribution will help to ensure the financial sustainability of the Icelandic audiovisual production industry and increase the cultural diversity of the choice of works available to Icelandic and European audiences. The cultural contribution does not go beyond what is necessary to achieve its objectives.

10. References of the Basic Texts: No Basic Text exists

11. No

12.

13. No

14. Yes

15. No

16.

TBT aspects: No

SPS aspects: No

European Commission

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