News Bargaining Incentive Fact Sheet

## What is the News Bargaining Incentive?

* The News Bargaining Incentive is aimed at ensuring that large digital platforms contribute to the sustainability of news and journalism in Australia, but with a clear preference for this to be done through the renewing or entering of commercial deals.
* The policy is designed to support Australia’s news sector by incentivising digital platforms to renew or enter commercial deals as envisioned under the News Media and Digital Platforms Mandatory Bargaining Code that was established in 2021.
* The incentive includes a charge and an offset mechanism. Large digital platforms that choose not to enter or renew commercial agreements supporting Australian journalism will pay the charge. Platforms with these agreements will however be able to offset their liability due to a non-refundable offset against the charge.

## When will the News Bargaining Incentive commence?

* Consultation on the incentive will begin in early 2025, with legislation to follow detailed consultation.
* The charge element of the incentive would apply for income tax years commencing on or after 1 January 2025. It will apply on an income year basis.

## Who will be affected?

* The incentive will apply to large, digital platforms operating significant social media or search services, irrespective of whether they carry news content.
* The proposed test for application would have three limbs:
  + A digital platform will be considered large if it, together with its related bodies corporate, has gross annual revenue of over $250 million attributable to Australian markets, exclusive of GST.
  + The digital platform must operate a social media and/or search service. It is expected definitions of these terms will be narrow and targeted to ensure the incentive does not inadvertently capture specific services do not support the incentive’s objective of incentivising commercial deals envisioned under the code. For example, it is not expected to capture dating services such as Bumble and direct messaging services such as Signal.
  + The social media and/or search service must be significant.
* It is expected that few services will fall within scope of the incentive. We anticipate Meta, Google and TikTok would fall within scope of the incentive.
* The government will consult with relevant stakeholders on the technical details of the incentive including the test for application.

## How will the charge work?

* The intention of the incentive is not to raise tax revenue.
* The charge element of the incentive and accompanying offset will be set to incentivise commercial deals between digital platforms and news businesses. The consultation process will ensure the rate is set at the appropriate level.
* The calculation of the charge will be based on total gross revenues attributable to Australian markets. It will apply to large digital platforms operating significant social media or search services, irrespective of whether they carry news content.
* Large digital platforms that are subject to the charge will be incentivised to renew or enter into commercial deals to remunerate Australian news organisations for the production of journalism with an non-refundable offset against the charge.

## How will the offset work?

* Entities subject to the incentive will be able to reduce their liability, in part or in full, by claiming against a non-refundable offset for eligible expenditure supporting journalism.
  + This will include expenditure under commercial deals to remunerate news organisations, and other contributions to the news sector.
* The offset will be designed to strongly incentivise entities to renew or enter into commercial deals, rather than pay the charge. Eligible expenditure will offset liability for the charge at a greater than 1 for 1 rate (that is, eligible expenditure of $100 will reduce the liability for the charge by more than $100).

## How will the incentive interact with other taxes or levies paid by multinationals?

* The charge element of the incentive will apply in addition to corporate income tax and will not be a deductible expense for corporate income tax purposes.

## Why is there a need for the incentive?

* The government considers that a strong and diverse news sector is vital for a healthy democracy.
* However the rapid growth of digital platforms has disrupted revenues to Australia’s media sector, which threatens the viability of public interest journalism.
* The News Media Bargaining Code was introduced in 2021 to incentivise digital platforms to enter into commercial deals with news publishers.
* The code acknowledged that large digital platforms are unavoidable trading partners for Australian news media businesses in reaching audiences online, and sought to address the imbalance of bargaining power between digital platforms and news media publishers.
* However, the code has limitations. It allows platforms to avoid their obligations by removing news. This is not in the best interest of all Australians.
* A significant proportion of Australians use digital platforms to access news, and the government wants this to continue.
* The government is acting to address this, by establishing a News Bargaining Incentive to encourage digital platforms to enter or renew commercial deals with news publishers. Australia does not intend to raise revenue from this policy.

## What about the News Media Bargaining Code?

* The code successfully prompted digital platforms to enter commercial deals with Australian news organisations. However, the code has been challenged by Meta’s decision to cease its commercial deals in Australia.
* The policy is designed to reinforce the code by incentivising commercial deals as envisioned under the code and ensure digital platforms continue contributing to journalism in Australia.

## What consultation is proposed?

* Commencement of public consultation would be announced via a press release (and the consultation paper published on the Treasury website) by the Assistant Treasurer and Minister for Communications in early 2025.
* Following consideration of submissions on the consultation paper, exposure draft legislation will be developed for public consultation.
* Legislation to implement the incentive this process is expected to occur after the election.