Department for Science, Innovation & Technology

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Dame Chi Onwurah MP Chair Science, Innovation and Technology Committee House of Commons London SW1A 0AA

Dear Dame Chi,

THE ONLINE SAFETY ACT 2023 (FEES) (THRESHOLD FIGURE) REGULATIONS 2025

I am pleased to be sharing with you and your Committee, for information, details of the Statutory Instrument (SI) that we intend to lay before Parliament on Thursday 20 November in accordance with section 86 of the Online Safety Act 2023.

Background

On Thursday 26 June, two previous SIs required to implement the Online Safety Act fee regime were laid before Parliament and these have now taken effect.
The first was the Online Safety Act 2023 (Qualifying Worldwide Revenue) Regulations 2025 which sets out how the qualifying worldwide revenue (the "QWR") of a provider of a regulated service, or of a group of entities, is to be determined. The concept of QWR is relevant for the purposes of (a) Ofcom setting fees payable by the providers of regulated services under Part 6 of the Act to recover its costs of exercising its online safety functions under the Act, and (b) calculating the maximum amount of a penalty under Schedule 13 to the Act.

The second was the Online Safety Act 2023 (Fees Notification) Regulations 2025 which apply where a provider of a regulated service must notify Ofcom under section 83(1)(a) or (b)(i) of the Act in relation to a charging year and prescribe the information which must be supplied. The notification must include evidence substantiating the details of all regulated services provided by the provider and details of the provider's QWR.

Statutory Instrument

The Online Safety Act 2023 (Fees) (Threshold Figure) Regulations 2025 are subject to the made negative procedure. The Secretary of State is required to make these Regulations to establish the threshold figure to determine the base revenue at which companies start to pay Ofcom fees. Only providers whose QWR is at or above a threshold, and who are not exempt, will be liable to pay a fee. Having considered advice from Ofcom, as required by section 86 of the Online Safety Act, the Secretary of State has agreed to its recommendation to set a threshold figure of £250 million. These regulations must also stipulate the first charging year for the fee regime which shall be financial year 2026 / 2027.
This is the final SI that is required in order to implement the Online Safety Act fee regime to ensure companies receiving revenue from online services will cover the costs of regulation to help keep the online environment safe for users. Further regulations under paragraph 7 of Schedule 10 to the Act will need to be made by DSIT to complete the second phase of the fee regime. Following a consultation issued by DSIT, these further

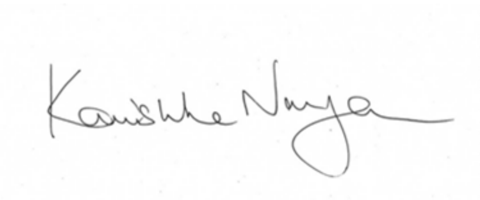
regulations will make provision for the recovery of Ofcom's initial costs of setting up the online safety regime by charging 'additional fees' to providers.

Exemptions

Further to this, Ofcom has the power to exempt particular descriptions of providers from paying fees under section 83 of the Online Safety Act. The Secretary of State must approve any proposed exemption, or revocation of an exemption, before it may take effect. Exemptions are not subject to parliamentary scrutiny. Ofcom has recommended an exemption for providers whose QWR that has accumulated through UK interests is less than £10 million. The Secretary of State has separately approved this exemption.

I hope this supports your committee in scrutinising this SI.

Yours sincerely,



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