

The Safety Net – Fees and notifications

Navigating the price of online protection

Providers of regulated services under the [Online Safety Act](#) ('OSA') meeting a certain threshold will soon have an obligation to notify and pay fees to [Ofcom](#) under the provisions of the OSA. See [our article on the scope of the OSA](#) for the types of services that are regulated. [Ofcom's consultation](#) on these thresholds and on the amount providers may be liable to pay as fees closed on 9th January 2025 ('Consultation').

The intention is that a reasonable number of large providers will be subject to the notification and fee-paying requirements – the latter to enable Ofcom to carry out its duties under the OSA. Ofcom has stated that it wants to ensure the fee and notification obligations do not fall solely on the largest providers, but are also not so broad as to encompass all small and medium providers who may then have to meet requirements which will be particularly onerous on their organisations. Fees will be calculated based on a provider's revenue (and, in some cases, the revenue of the provider's immediate group companies), a percentage of which will be payable to Ofcom. In order to keep track of which organisations are required to pay fees, providers will also have a duty to notify Ofcom on an annual basis, along with the provision of certain evidence relating to the regulated service(s) and fee calculations, as further detailed under the heading 'Notification' below.

For further details on the Consultation itself, [read our blog post](#).

Fees

Qualifying Worldwide Revenue

The fees payable by a provider will be calculated according to its 'qualifying worldwide revenue' ('[QWR](#)') within a charging year (being 1 April - 31 March each year). QWR is not yet defined, but Ofcom has proposed in the Consultation that this will mean the total amount of revenue of a provider:

- referable to a regulated service, i.e. arising in connection with the provision of the service, comprising all of its parts;
- from anywhere in the world; and
- across a 'qualifying period' (while the definition of a 'qualifying period' is fairly technical, the calculation will be made by looking at the provider's revenue in the calendar year two years prior to the charging year. As an example, the first fees due by providers will be in the 2026 - 2027 charging year (1 April 2026 - 31 March 2027) and so will be calculated by looking at the provider's revenue in the 2024 calendar year (the qualifying period)).

Where it is not possible to separately identify revenues arising in connection with a regulated service from those arising from a provider's other activities, the provider will need to apportion its revenue to reasonably reflect the contribution of the regulated service to its overall revenue. There are a number of factors Ofcom suggests in carrying out this apportionment, but ultimately this will depend on the service and context. Some suggestions from Ofcom include:

- the amount of advertising revenue generated from adverts displayed within the regulated service;
- the proportion of the provider's operating costs related to maintaining the regulated service; and/or
- the amount of time users spend using the regulated service in comparison to other services offered by the provider on the same platform.

Ofcom is expecting providers to take account of not just their own QWR (during the qualifying period), but also the QWR of any of their group undertakings (being parent, sister or subsidiary companies) which receive or are due to receive any QWR in connection with the provision of the service. Where there are organisational changes in a provider's group, the provider will only need to calculate its QWR taking into account such group revenue during the part of the charging year where it is actually a member of the group.

Calculations and Threshold

Ofcom is proposing that providers will be liable to pay fees to Ofcom if their QWR is £250 million or higher (QWR threshold). The QWR threshold will be set by the [Secretary of State](#) for the Department for Science, Innovation and Technology (Secretary of State), and Ofcom considers anything between £200 million - £500 million to be an appropriate threshold.

Before it can begin charging fees, Ofcom must put in place a 'Statement of Charging Principles' containing the principles that it will apply in setting fees, including:

- the computational model used to calculate the fees;
- the factors Ofcom considers relevant in calculating fees; and
- details about the meaning of QWR and the qualifying period.

For now, the Consultation suggests that fee calculations will be conducted using a 'single percentage' approach. This means all providers with revenues above the QWR threshold will pay the same percentage of QWR (currently estimated by Ofcom as 0.02%).

Notification

A provider will be required to notify Ofcom and pay fees if certain conditions mean it falls within a 'fee-paying year'. These conditions are:

1. within the charging year;
2. the provider's QWR for the qualifying period meets or exceeds the QWR threshold; and
3. the provider is not exempt (see below 'Exemptions').

A provider will also be required to notify Ofcom (but not pay any fees) where its previous charging year was a fee-paying year, but its current charging year is not a fee-paying year. This will be because the provider's circumstances have changed in the current charging year so that either: (i) its [QWR](#) no longer meets or exceeds the QWR threshold; and/or (ii) it now falls within an exemption.

If required to notify Ofcom the provider must share details of its regulated services under the OSA and, if required to pay fees, details of its QWR for the qualifying period that relates to the charging year and other supporting evidence that may be required by Ofcom. Within the Consultation, Ofcom has provided a copy of draft regulations suggesting what would be considered supporting evidence for the purposes of notifying Ofcom. This includes:

- where the charging year is the provider's first fee-paying year, a statement of that fact;
 - evidence substantiating the details of all regulated services provided by the provider and the provider's QWR for the qualifying period that relates to that charging year, such as:
 - explanations of the source data used (e.g. audited accounts);
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- supporting calculations;
 - a reconciliation of QWR and non-QWR amounts;
 - annual financial statements;
 - details of how revenue has been apportioned to regulated services;
 - details of exchange rates used; and
- a declaration confirming that the evidence provided is accurate and complete in all material respects made by someone acting as, by or on behalf of the provider who can provide this confirmation.

Ofcom has a range of enforcement powers in the event of any non-compliance with the fees and notification regime. Providers should particularly be aware that: (i) if they fail to notify Ofcom, where they were required to do so; or (ii) provide incomplete or inaccurate information in their notification, Ofcom may open an investigation and/or require further information to obtain or verify the information provided by the provider. For more details about enforcement action, please [see our article](#).

Exemptions

Ofcom has the power to exempt particular groups of providers from the duty to notify and/or to pay fees, where it deems this appropriate (and if also approved by the Secretary of State).

The current exemption proposed by Ofcom is that providers whose QWR is above the QWR threshold in the qualifying period, but whose UK referable revenue (revenue arising in connection of the provision of regulated services to UK users) is less than £10 million in the same qualifying period, should be exempt from both the duty to notify and the duty to pay fees.

Video Sharing Platforms

Pre-existing [video sharing platforms \(VSPs\)](#) are exempt from paying fees under the OSA until the [current VSP regime is repealed](#) (date to be confirmed, but this will likely be after Ofcom's codes for protection of children come into force). However, these providers will still be subject to the notification requirements under the OSA as detailed in the 'Notification' section above. If the regulated VSP element of a service is a separable part of a wider regulated service under the OSA, then the exemption from paying fees will only apply to the VSP part of the service.

Timeline

Further updates will be provided by Ofcom in Q2 2025, and the regulations finalising both the QWR calculations and the details of the notification requirements are expected to come into force in Q3 2025.

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