Poland social briefing:
“Media Without Choice” protest
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“Media Without Choice” protest

The Polish government plans to introduce a tax for online and conventional advertising. The already published assumptions of that project show that the funds would be transferred to the National Health Fund, the National Monument Protection Fund and a new institution, the Fund for Supporting Culture and National Heritage in the Media Area. Ministry of Finance justifies introducing the new fee with “the long-term consequences of the emergence and spread of the SARS CoV-2 virus and its impact on health”. This latest tax idea is cloaked in the social idea of donating taxes from media houses to health service and monuments’ protection. However, it caused great controversy and a protest unprecedented in history - on February 10, 2021, the media independent of the government refrained from broadcasting, publishing information and advertising. Only a blackboard with the words “Media Without Choice” was displayed on television and on the Internet. In dispute the arguments of both sides are very interesting.

Idea for taxing private media

At the beginning of February 2021, the Ministry of Finance presented a project of a bill on “Additional revenues of the National Health Fund, the National Monument Protection Fund and the creation of the Fund for Supporting Culture and National Heritage in the Media Area”. The new tax will be paid by all entities operating within Poland’s media environment - state and independent media (TV, radio, press, internet portals and cinemas). The government assumes that thanks to the tax imposed, it will be possible to obtain an additional PLN 800 million annually (EUR 178 million) to the state budget to support the health service and protect the national culture. The tax would come into force in July this year.

The money is to be distributed as follows:

1. 50% of the contribution for the National Health Fund,
2. 15% for the National Monument Protection Fund,
3. 35% allocated for the new Fund for Supporting Culture and National Heritage in the Media Area.

In theory, the government’s plan looks pretty good. However, it raises many reservations. Primarily, the new law gives the government a powerful tool - it can authoritatively choose
which media entities require financial support from the state budget and which of them can handle on their own. This means that the government will compensate for the effects of the new tax on advertising to the favourable media. On the other hand, media critical to the government will be deprived of a large part of their financial profits.

For example, there is a legitimate concern that the government may give the media uncritically favourable to the state administration (i.e. national media like TVP or Polish Radio) an extra budget subsidy coming from the tax. The project also provides for the possibility of purchasing advertisements in national media by state-owned companies and sponsoring the broadcasting of important sports or cultural events. None of the private media can count on such financial support.

Moreover, the government plans to establish a new fund - Support for Culture and National Heritage in the Media Area. It is supposed to be an institution that will receive money from the tax to finance “construction and development of information channels and platforms”, radio and television broadcasts and Internet portals.

In theory, it’s an interesting idea. Ministry of Finance justifies this institution’s creation with the need to care for national heritage and high culture. Still, experience shows that politicians usually treat such funds as tools of influence, financing programs and radio stations that are entirely subordinate to the parties in power. In this case - when analyzing the tax project - it can be concluded that with this new institution, the government will reward favourable media financially. The bill in no way ensures that the money is distributed fairly.

It is also possible that the authorities will use the financial resources from the fund to build own “party media” – totally depending not on support from media recipients but the politicians. In fact, the media built in this way could fully belong to the party and not to the government, i.e. in the event of a change in power, the now ruling Law and Justice party would preserve the media empire built in this way.

**Open letter of free media**

The idea of introducing a media tax caused great controversy in the journalistic environment. Its most visible form was a blackboard with the words “Media Without Choice” (“Media Bez Wyboru”) displayed on February 10, 2021, for 24 hours by private television and internet services. Some radio stations also stopped broadcasting. The largest television stations, TVN and Polsat, for the first time since the beginning of their history, did not broadcast their
main news programs, instead presenting the information “Your favourite program was supposed to be here”. It was an unprecedented protest, also supported by numerous international media (i.e. Politico, ABC News, BBC, Associated Press, AFP, Deutsche Welle).

The Polish media protested against the fee in an open letter to political authorities too. The 43 signatories included the most influential players on the Polish media market (i.e. Agora S.A., Eurozet Group, RMF Group, Ringier Axel Springer Polska, Telewizja Polsat sp.z o.o., TVN S.A, and Gremi Media S.A.). The signatories estimate that the introduction of the advertising fee will mean “weakening or even liquidation of some of the media operating in Poland, which will significantly limit the society’s ability to choose the interesting content”, as well as will imply “limiting the possibilities of financing qualitative and local content”.

In the open letter, the journalists argue that the new tax “is an ordinary financial burden, striking the Polish viewer, listener, reader and internet user, as well as Polish productions, culture, entertainment, sport and the media”. They emphasize that the project’s implementation will mean “the actual favouring of companies that do not invest in the creation of Polish, local content at the expense of entities that invest the most in Poland”. This is how they relate to political assurances that the government cares about taxing global giants such as Google and Facebook. Paradoxically, through the media tax, the government in practice favours international websites that do not invest in creating Polish content at the expense of media companies that invest in the country the most. According to estimates, companies referred to by the government as “global digital giants” will pay only about PLN 50-100 million for the contribution, compared to PLN 800 million that other locally active media will pay.

According to the signatories of the open letter, the fee’s introduction will deepen the unequal treatment of entities operating on the Polish media market. They argue that “in a situation where the state media receives PLN 2 billion every year from the state budget, private media are charged with the additional tribute”. Therefore, it is “scandalous to unbalance and selectively burden individual companies”.

Yet, the letter signatories indicate that they do not avoid their obligations and social responsibility for support for health care, environmental or monument protection. They also point to the controversial argument related to the fight against the epidemic - “every year, we pay an increasing number of taxes and fees (CIT, VAT, emission charges, for copyright management organizations, concessions, frequencies, VOD fees, etc.). We also support the weakest groups of our society with our own charitable activities. We support Poles and the government in the fight against the epidemic, both in terms of information and by allocating
resources worth hundreds of millions of PLN for this purpose. We are therefore strongly opposed to using the epidemic as a pretext for introducing another, new, exceptionally heavy burden on the media.”

It is worth noting that in connection with the COVID-19 pandemic, the revenues of media publishers from advertising in Poland decreased by nearly 50%. The sales of most magazines on the Polish market dropped significantly. Also, the reduction in the number of conferences and competitions and the cessation of the organization of cultural and sports events to a large extent caused a significant drop in media incomes. These changes may result in the bankruptcy of an essential part of smaller media companies in Poland.

Conclusions

The new advertising tax will weaken or even liquidate some of the media operating in Poland, limiting society’s ability to choose and access reliable knowledge. The government argues that it is really about taxing digital giants. International corporations such as Google, Facebook, Apple and Amazon, earn a fortune in Poland, and their taxes are not high. Government of the Law and Justice party has even once prepared a bill on this matter. Still, the then Vice-President of the United States, Mike Pence, during his visit to Poland in September 2019, said that he did not agree to tax American companies. Then Polish government quickly withdrew the project.

Now, the American administration has changed to one with which the Law and Justice politicians have worse contacts, so the idea of introducing the tax has returned. The trouble is, it’s rather a smokescreen. There will be no way to collect tax from foreign giants. Paradoxically, through the media tax, the government favours global websites that do not invest in creating Polish, local content at the expense of media companies that invest in the country the most. Thus, the tax will only hit media operating in Poland: television, radio, newspapers, internet portals and cinemas.