



Warsaw, April 30, 2020

Mr. Tadeusz Kościński

Minister of Finance

Dear Minister Tadeusz Kościński,

Due to the ongoing legislative process to implement a levy for video on demand ("VOD") providers distributing content to Polish consumers, I would like to provide you with the comments of AmCham member companies regarding the introduction of these regulations.

We have found it challenging to comment within the short timeline, however, we have set out our initial views on the proposal below. We understand that it is important to make progress on this topic, but would recommend taking the time necessary to fully consider the details of the proposal and to develop an appropriate solution.

Our preliminary comments are as follows:

- We understand that the proposed levy would oblige VOD providers that are distributing content to Polish consumers to pay 1.5% of revenue generated from this distribution to the Polish Film Institute.
- However, to our knowledge, there is no comprehensive justification for this levy being set at 1.5% of revenue achieved in Poland. Hence, we are concerned about the introduction of this proposal without having a clear picture as to what economic consequences this may bring to the media industry. We would appreciate receiving further economic analysis as to how this proposal will impact the Polish media industry.
- We understand that the group of beneficiaries of the funds collected by the Polish Film Institute will not include foreign VOD providers. Therefore, the burden caused by the levy is not balanced out. The expenditure and income sides of the fund are directly related and should therefore be discussed jointly.
- We understand that the existing mechanism used by the Polish Film Institute to control and allocate funds is tailored to the cinema industry, but there are key differences between VOD services and the cinema industry which will need to be fully considered. Greater clarity as to how this will work in practice is required.

Poland is a key growth jurisdiction for VOD providers and we would like to work with you to ensure that the proposals achieve the aim of stimulating the local media industry and do not create disincentives for international VOD providers to launch or continue offering their services in Poland. If the Polish government intends to encourage investments in Poland, it might be useful to allow VOD providers to decide if they want to pay the levy or fulfil the payment obligation by investing in Polish content instead. This more flexible approach would ultimately yield benefits for the broader Polish media industry, while a levy-only approach might divert resources of VOD service providers away from investment in local productions and inhibit opportunities for VOD service providers to grow their original production capabilities in the country (thereby also limiting opportunities for such providers to grow their local employee base). In our view, the proposal in its current form needs further consideration and development before it can be implemented.