Annex 1: Draft Statement of Charging Principles

Annex

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Introduction

1. This is the Statement of Charging Principles (SoCP) for the online safety fees regime. In accordance with section 88(4) of the Online Safety Act 2023 (the Act), it is the subject of public consultation.[1]

2. This SoCP applies in relation to the 2026/2027 charging year (i.e. the period beginning 1 April 2026 and ending 31 March 2027) and any subsequent charging year (i.e. any subsequent period of 12 months beginning with 1 April).

3. This SoCP sets out the principles that we propose to apply when determining the fees payable by providers of regulated services under section 84 of the Act. For the avoidance of doubt, it does not consider the extent of fees required to be paid under Schedule 10 of the Act (i.e., in connection with our recovery of costs incurred before the first day of the initial charging year).

Structure of this document

4. This document has two parts and is structured as follows:

   i) Relevant legal framework; and
   ii) How fees will be determined and paid.

Relevant legal framework

5. Part 6 of the Act requires our costs relating to online safety to be funded by certain providers of regulated services through a fees regime. Under the Act, providers of regulated services must pay fees in respect of a charging year if their qualifying worldwide revenue (QWR) in respect of the qualifying period for that charging year exceeds a threshold figure set by the Secretary of State and they are not otherwise exempt from the duty to pay fees.[2]

Statement of Charging Principles

6. Before fees can be levied on providers in scope of fees, the Act requires that we have a SoCP in force and which applies in determining the fees payable.[3]

7. We are required by the Act to have regard to the guidance that the Secretary of State has issued to us on the principles that must be included in this SoCP. The principles in our SoCP[4] must be such as appear to us to be likely to secure, based on estimated likely costs, that:

   i) On a year-by-year basis, the aggregate amount of the fees payable to us under section 84 of the Act is sufficient to meet, but does not exceed, the annual cost to Ofcom of the exercise of our online safety functions;
   ii) The fees are justifiable and proportionate, having regard to the functions in respect of which they are imposed; and

[1] Statement of Charging Principles (SoCP)
[2] Section 83(2) of the Act.
[3] Section 88(1) of the Act
[4] Section 88(2) of the Act

iii) The relationship between meeting the cost of the exercise of those functions and the amount of the fees is transparent.

8. The SoCP must also (amongst other things):[5]

   i) Include details relating to the computation model used to calculate fees payable. Fees payable are to be equal to the amount produced by a computation made by reference the provider's QWR for the qualifying period relating to that charging year, as well as any other factors that we consider appropriate;[6]
   ii) Include details about the meaning of 'qualifying worldwide revenue' and 'qualifying period' for the purposes of Part 6 of the Act; and
   iii) Specify the threshold figure contained in regulations set by the Secretary of State.

9. Before making or revising a SoCP, we are required to consult such persons as we consider appropriate. We must also publish such a SoCP, and any revised or replacement SoCP.[7]

10. When exercising our functions under Part 6 of the Act, we are required[8] to have regard to the guidance that the Secretary of State has issued to us on the principles to be included in a SoCP.[9]

The meaning of QWR and qualifying period

11. In accordance with the Act, we have made regulations that set out how the QWR of a provider of one or more regulated services is to be determined, and which define the 'qualifying period' in relation to a charging year.[10] These are entitled the Online Safety Act 2023 (Qualifying Worldwide Revenue) Regulations 2025 (the QWR Regulations), and readers are encouraged to read the full text of the QWR Regulations to understand how both concepts have been defined.[11]

12. By way of a summary, the QWR of a provider is defined as the total revenue of that provider that is referable to its regulated services. Referable revenues are those which arise in connection with the provision of the relevant parts of regulated services anywhere in the world.[12] Table A1.1 below provides further detail on the definition of QWR for the purposes of Part 6 of the Act:

[5] Section 88(3) of the Act.
[6] Section 84(2) of the Act.
[7] Section 88(4) and (5) of the Act.
[8] Section 87(1) of the Act.
[9] Secretary of State Guidance on Online Safety Fees, published May 2024.
[10] The Online Safety Act 2023 (Qualifying Worldwide Revenue) Regulations 2025. These Regulations were made pursuant to section 85(1), (3), (4) and (5) of and paragraph 5(9) and (11) of Schedule 13 of the Act.
[11] Part 3 of the QWR Regulations is not relevant to the determination of QWR when calculating fees liability; readers looking to understand their potential liability to pay fees and to comply with the notification duties in Part 6 of the Act should therefore focus on Parts 1 and 2 of the QWR Regulations.
[12] The concept of QWR is also used for the purposes of determining the maximum penalty that we can impose if we find a provider is in breach of its duties under the Act.

Table A1.1 Decisions on provider QWR definition

QWR element	Decision on provider QWR
Types of revenue referable to a regulated service	Total amount of revenue arising in connection with the provision of relevant parts of regulated services (the 'referable revenue')
Which geographic revenues are to be brought into account	Worldwide referable revenues
The treatment of revenues arising from two or more regulated services	Provider QWR includes referable revenue for all regulated services from that provider (i.e. aggregated)
Apportionment of revenue to regulated services	Where referable revenues cannot be separately identified from revenues referable to other parts of regulated services (or non-regulated services), providers should apportion revenues using a just and reasonable approach.
Inclusion of revenues received by other group undertakings	Referable revenues which are received by other group undertakings must be included in QWR.
Approach to currency conversion	Revenue must be converted to GBP using a just and reasonable exchange rate.
Relevant period for assessing QWR for fees and penalties	The qualifying period for fees is the second calendar year preceding the one within which the charging year begins, i.e. the calendar year two years prior to the calendar year within which the charging year begins. For penalties, the Act already specifies that the relevant period for assessing QWR is the most recent complete accounting period of the provider of the regulated service.[13]

13. As required by the Act, we have defined the qualifying period to which the QWR relates for the purpose of setting fees.[14] The qualifying period for fees is the second calendar year preceding the one within which the charging year begins.

14. We have consulted on and published our final QWR guidance for stakeholders which is intended to help providers of regulated services calculate their QWR for the purposes of determining their liability to fees.[15] We intend to keep the guidance under review and update it where appropriate.

15. If there is a disagreement between us and the provider of a regulated service regarding a providers' QWR or the amount of a fee to be paid to us under Part 6 of the Act, we have the power to determine their QWR and fee amount (as appropriate).[16]

[13] The providers of user-to-user services and search services are subject to duties under Parts 3 and 4 of the Act.
[14] Section 85(1)(b) of the Act.
[15] OS fees and penalties guidance on QWR
[16] Section 84(3) of the Act.

The QWR threshold figure and exemption from the fees-related duties

16. Following our advice,[17] the Secretary of State has set the QWR threshold figure at or beyond which fees are paid under Part 6 of the Act at £250 million.[18]

17. The Act allows us, with the approval of the Secretary of State, to exempt descriptions of providers of regulated services from the duty to pay fees under section 84 of the Act and from the duty to notify us under section 83 of the Act.[19]

18. The Secretary of State has approved an exemption put forward by us for the providers of regulated services that have UK referable revenues of less than £10 million in the relevant qualifying period.[20] Chapter 5 of the fees statement contains further detail about this exemption.

How fees will be determined and paid

19. The overall fees will be set at a level to ensure that we will recover the estimated cost incurred in carrying out our online safety functions as set out in the Act.

20. The estimated costs will be allocated in line with the approach set out in Annex 2. Each item of this estimated cost will either be directly or indirectly attributable to regulatory activities within the online safety sector.[21]

21. Fees will be payable by those persons that:

    i) Provide regulated services as defined in the section 4(4) of the Act;
    ii) Generate QWR equal to, or greater than, £250 million in a qualifying period;[22] and
    iii) Are not exempt from the fees-related duties under section 83(6) of the Act.

22. In determining the amount of fees payable by a provider, we will only consider their QWR and will not take into account other factors like the risk of harm being caused by their regulated service(s), profit or user numbers.

23. The Act imposes a duty on providers to notify us in certain circumstances in relation to the fees regime.[23] We additionally expect to use our information gathering powers under the Act to request fees-related details from the second charging year onwards.[24] In both cases,

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[17] As required under section 86 of the Act.

[18] At the date of this consultation, the Online Safety Act 2023 (Qualifying Worldwide Revenue Threshold) Regulations 2025 have been laid in Parliament by the Secretary of State for Science, Innovation and Technology. They are subject to negative resolution parliamentary procedure by both Houses of Parliament. This means that the regulations become law on the day the Minister signs them and automatically remain law unless a motion – or 'prayer' – to reject them is agreed by either House within 40 sitting days. The threshold figure is in line our advice, as set out in chapter 4 of the fees statement; we recommended that a threshold figure between £200 million and £500 million could be appropriate.

[19] Section 83(6) of the Act.

[20] The Secretary of State's decision regarding the recommended exemption has been published on the DSIT website.

[21] See Annex 2 for more information on our approach to cost allocation.

[22] The Online Safety Act 2023 (Fees) (Threshold Figure) Regulations 2025 laid on 20 November.

[23] Section 83 of the Act.

[24] Paragraphs 50-52 of the Notification guidance.

providers must submit details of their QWR for the relevant qualifying period as well as supporting documents and evidence so that we may verify this figure.[25]

Tariff tables

24. All providers will pay the same percentage of their QWR in a given qualifying period towards fees. As explained in paragraph 15, we may determine the amount of a provider's QWR in the event of a disagreement with that provider about its QWR.

25. The percentage tariff will be calculated by dividing the total estimated cost associated with online safety functions in the charging year by the total QWR base (i.e. the total QWR for all liable providers for the charging year in question) in the associated qualifying period. Except for the initial charging year, the percentage tariff will be published on or before 31 March each year in our tariff tables.[26]

26. The fee payable by a provider in a charging year will therefore be calculated by multiplying the provider's QWR in the associated qualifying period by the percentage tariff.

27. For transparency, we will publish the list of providers liable for a fee annually based on their QWR. However, confidential details, such as the QWR of providers or the amount of fees paid by an individual provider will not be published.

Invoicing and payments

28. In the initial charging year of 2026/2027, we expect invoices will be issued in Q3 of 2026 calendar year. For subsequent charging years, invoices will be issued as soon as reasonably practicable at the start of our financial year.

29. In common with our other regulated sectors, providers must pay fees in the following manner:

    i) Where the fees payable are equal to or less than £75,000, in full within 30 days of the invoice date; or
    ii) Where the fees payable are more than £75,000, either in full within 30 days of the invoice date or in monthly instalments for the remainder of the charging year.

30. We consider that maintaining consistency in our approach to invoicing and payments across regulated sectors where practicable, reduces the administrative burden of this fees regime as we will be able to adopt existing processes and workflows. We also consider that the full payment of a fee below £75k will not be unduly burdensome for feepayers who have QWR in excess of £250m'.

[25] For more details on QWR verification and notification, see Notification guidance.
[26] For the initial 2026/27 charging we expect to publish tariff tables detailing expected cost of regulation on or before 31 March 2026 and expect to update these tables with the tariff in Q2 of the charging year (Q3 of calendar year 2026).

Over and under-recovery of spend

31. Any over or under recovery of expenditure will be carried forward to the next charging year. In that year, the allocation of planned spend for the online safety regulatory sector will be adjusted to reflect the over or under recovery carried forward from that sector from the previous year. In each year when we publish our tariff tables, these will provide a forecast of the over or under recovery for the preceding year by sector. In addition, they will provide an allocation of the planned spend in the following year by sector. The forecast of the under or over recovery by regulatory sector within the preceding year will be updated immediately prior to the setting of the licence fee tariffs.

32. This approach is also in line with the requirement in the Act that any deficit or surplus shown in the statement that we publish after the end of each charging year must be carried forward and taken into account in determining fees in relation to the following year.[27]

[27] Section 88(7) of the Act.