

Manual for the Financial Reporting of Relevant Revenue within the Framework of the Dutch Investment Obligation

Manual pursuant to Article 17a of the Media Regulations 2008 for the audit by the auditor in fulfilment of the obligation to report on the composition and the amount of relevant revenue within the framework of the Dutch investment obligation for the *Commissariaat voor de Media* ('Dutch Media Authority'; hereinafter the 'Authority').

This English translation is for information purposes only. In case of any discrepancies, the Dutch version will prevail.

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1. Introduction

1.1 Background

The Authority oversees compliance with the Dutch Media Act 2008 (*Mediawet 2008*; hereinafter the ‘Media Act’).

An amendment to the Media Act provided for the coming into effect of the Dutch investment obligation on 1 January 2024, requiring certain commercial audiovisual media service providers (hereinafter ‘media service providers’) to invest in Dutch cultural audiovisual products. The purpose of the Dutch investment obligation is to strengthen the quality and supply of Dutch audiovisual products by imposing an obligation to invest in these products.

Specifically, the Dutch investment obligation applies to media service providers that provide one or more on demand audiovisual media services. The services fully or partially target the audience in the Dutch territory and the media service provider generates revenue in the Netherlands that is related to the provision of the relevant services.

The Dutch investment obligation does not apply to every media service provider that provides one or more on demand audiovisual media services. Only media service providers that provide at least one on demand audiovisual media service and generate relevant revenue¹ from each on demand audiovisual media service of €10 million or more in any given financial year are subject to this obligation. The media service provider must then invest 5% of the relevant revenue for the relevant financial year in Dutch cultural audiovisual products.

The basis for the composition and amount of the relevant revenue is regulated in Title 3.2a, and more specifically in Article 3.29e(3) of the Media Act. It includes the following: “*The relevant revenue for a financial year consists of all revenue generated in the Netherlands that is related to the provision of the relevant on demand audiovisual media service. This includes revenue from:*

- a. advertising messages;*
- b. subscriptions;*
- c. user transactions;*
- d. sponsorship; and*
- e. product placement.”*

¹ The basis for the composition and amount of the relevant revenue is regulated in Article 3.29e(3) of the Media Act.

1.2 Decision tree for the application of the Dutch investment obligation by media service providers

This Manual for the Financial Reporting of Relevant Revenue within the Framework of the Dutch Investment Obligation (hereinafter the ‘Manual’) includes a decision tree (see Figure 1) to help media service providers identify the criteria that apply to them and, as a result, the obligations they need to comply with. The decision tree provides a step-by-step method for establishing in a transparent and consistent way what obligations apply to a media service provider. This contributes to the uniform application of and compliance with the regulations.

In addition to the decision tree, two fictitious examples are provided below that could occur in practice.

Example 1: A media service provider provides two on demand audiovisual media services. The relevant revenue of both services is €7.5 million per service in any given financial year (with the financial year coinciding with a calendar year). This means that the relevant revenue in the relevant financial year totals €15 million for these two services. Article 3.29e(4) of the Media Act provides that the investment obligation does not apply if the relevant revenue for a financial year is less than €10 million. Which obligations apply to this media service provider?

This example corresponds to the second outcome (orange box) in the decision tree.

The €10 million threshold referred to in the aforementioned article of the Media Act applies to every on demand audiovisual media service individually. In other words, despite the fact that the media service provider has generated relevant revenue of more than €10 million in total from its two on demand audiovisual media services, it has not reached the revenue threshold for every individual service. As a result, the investment obligation does not apply for this financial year. In the relevant financial year, the media service provider generated revenue in the Netherlands of more than €10 million (in any event €15 million), which means that the disclosure obligation does apply (Article 3.29h(1) of the Media Act, as explained in section 1.7).

Example 2: A media service provider provides two on demand audiovisual media services. In financial year X, the relevant revenue of service “A” amounts to €5 million. The relevant revenue of service “B” amounts to €15 million. The relevant revenue in the relevant financial year amounts to €20 million in total. Which obligations apply to this media service provider?

This example corresponds to the third outcome (green box) in the decision tree.

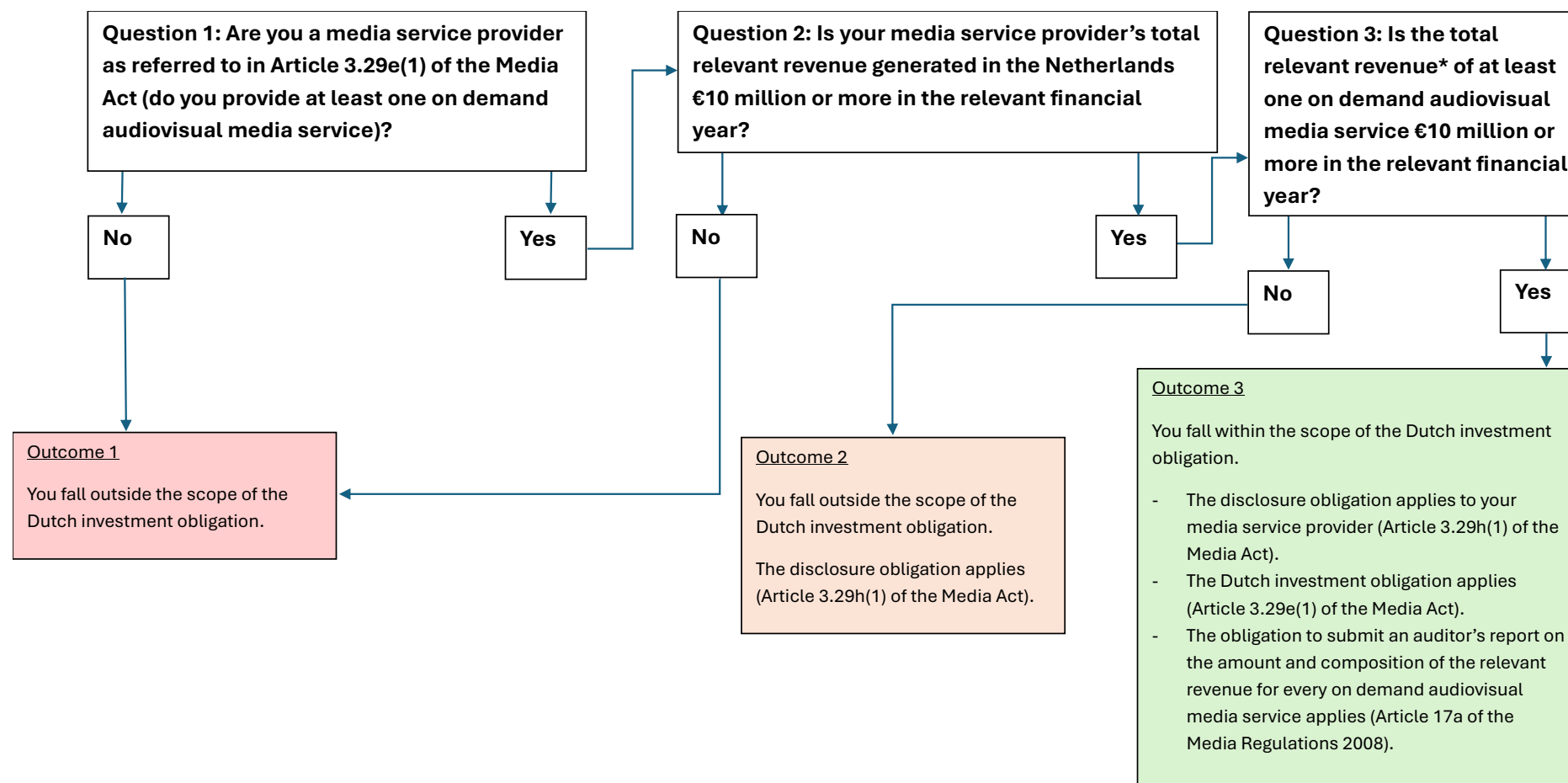
The media service provider is obliged to submit an auditor's report on the total relevant revenue of service A and service B in the relevant financial year, which is €20 million in this example. This is because, if one of the media service provider's on demand audiovisual media services has a relevant revenue of €10 million or more (in this example, service A), the media service provider will report the relevant revenue of all on demand audiovisual media services (in this example, service A and service B), irrespective of the amount of the relevant revenue of the other on demand audiovisual media services. The auditor's report must pertain to the amount and composition of the relevant revenue related to the on demand audiovisual media services provided by the media service provider (in this example, service A and service B) in the relevant financial year.

Compliance with the investment obligation by the media service provider falls outside the scope of the audit. For the sake of completeness, this is worked out below.

The obligation to invest 5% applies to individual on demand audiovisual media services. In the situation outlined above, this means that the investment obligation only applies to the relevant revenue generated from service B (5% of €15 million = €750,000).

The revenue of service A is disregarded, as it remains below the €10 million threshold. The relevant media service provider is free to invest the aforementioned amount of €750,000 in Dutch cultural audiovisual products intended for service A, service B or both services.

Figure 1: Decision tree for the application of the Dutch investment obligation by media service providers



* *Relevant revenue for a financial year*: the relevant revenue for a financial year as referred to in Article 3.29e(3) of the Media Act consists of all revenue generated in the Netherlands that is related to the provision of the relevant on demand audiovisual media service. This includes revenue from advertising messages, subscriptions, user transactions, sponsorship and product placement. This is the revenue after deduction of turnover tax (VAT). Apart from VAT, no other deductions are made.

1.3 Media Regulations

The Manual was created under the ministerial regulation pursuant to Article 3.29h(3) of the Media Act. This statutory provision entails that further rules may be laid down in a ministerial regulation about the supply of information or documents to the Authority in compliance with the disclosure obligation for media service providers within the framework of the Dutch investment obligation.

Following on from this delegation basis, Article 17a² of the Dutch Media Regulations 2008 (*Mediaregeling 2008*; hereinafter the ‘Media Regulations’) provides that the statement of the amount and composition of the relevant revenue of a media service provider must be accompanied by an auditor’s report issued by an independent external auditor if the revenue of at least one individual on demand audiovisual media service reaches the relevant revenue threshold of €10 million in the relevant financial year.

The purpose of this Manual is to inform both media service providers and external auditors about the laws and regulations applicable to the Financial Reporting Document – Relevant Revenue.

1.4 Definitions

In this Manual, the terms below have the following meanings:

- *Advertising message*: an advertising message as referred to in Article 1.1(1) and Article 3.29e(3)(a) of the Media Act is an expression in any form whatsoever, not being a home shopping message, with the unmistakable aim of inducing the audience to buy a certain product or use a certain service, or of giving the audience a favourable impression of a certain company, an industry or a particular institution in order to promote the sale of products or the purchase of services.
- *Audiovisual media content*: media content of a media service that relates to products with moving video content, whether or not including audio content.
- *Auditor*: an independent, externally operating professional who is authorised to issue audit opinions in accordance with one of the following nationally or internationally accepted auditing standards: the International Standards on Auditing (ISA), the Public Company Accounting Oversight Board (PCAOB) Auditing Standards, the US Generally Accepted Auditing Standards (US GAAS) or the Dutch auditing standards (NV COS), provided that this person has certification authority recognised for that purpose in the jurisdiction where this person works.

² Entered into force on 1 April 2025 / Staatscourant 2025, 3178 dated 28 January 2025.

- *Auditor's report*: the external auditor's reporting format in which the external auditor phrases the conclusion arising from the work performed by the auditor, which also complies with the rules included in the standards.
- *Broadcasting service*: a media service as referred to in Article 1.1(1) of the Media Act that relates to the provision of media content distributed on the basis of a chronological schedule established by the institution responsible for the media content, whether or not coded by means of a broadcasting transmitter or a broadcasting network for simultaneous reception by the general public or part thereof. Pursuant to Article 3.1(1) of the Media Act, providing a commercial broadcasting service is only permitted with the permission of the Authority.
- *Dutch cultural audiovisual products*: audiovisual products as referred to in Article 3.29f of the Media Act, being "*European works within the meaning of Article 1(n) of the European Directive,³ not being the reporting or presentation of one or more sporting events or sporting competitions, which meet at least two of the following conditions, at least one of which is the condition mentioned in a or b:*
 - a. at least 75 per cent of the scenario has been written in Dutch or Frisian;*
 - b. the main characters speak Dutch or Frisian for at least 75 per cent of the time;*
 - c. the scenario is based on an original literary work in Dutch or Frisian;*
 - d. the central theme is related to Dutch culture, history, society or politics."*
- *Dutch investment obligation*: the obligation referred to in Article 3.29e(1) of the Media Act for a media service provider that provides an on demand audiovisual media service to invest in Dutch cultural audiovisual products.
- *Financial Reporting Document – Relevant Revenue*: the document included in Appendix 1 to this Manual, in which the media service provider will include, among other things, the composition and amount of the relevant revenue for every on demand audiovisual media service.
- *Financial year*: a financial year is the period covered by a financial report. In the event of a split financial year, the financial year does not coincide with a calendar year.
- *Media service on demand*: a media service as referred to in Article 1.1(1) of the Media Act that consists of providing media content that can be purchased on individual request and at a time of your choosing.
- *Media service provider*: a media service provider as referred to in Article 1.1(1) of the Media Act and Article 3.29e(1) of the Media Act.

³ This refers to Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive).

- *On demand audiovisual media service*: an on demand audiovisual media service as referred to in Article 3.29a of the Media Act, which is provided by a media service provider. Within the framework of this Manual and in light of the Dutch investment obligation (Article 3.29i(1) of the Media Act), these are media service providers that provide an on demand audiovisual media service and that fully or partially target the audience in the Dutch territory. Section 2.2 lists the indicators that can be used to determine whether an on demand audiovisual media service fully or partially targets the audience in the Dutch territory.
 - *Product placement*: product placement as referred to in Article 1.1(1) and Article 3.29e(3)(e) of the Media Act; the inclusion of or reference to a product, service or (figurative) mark within the framework of a programme, or part of the media content corresponding to a programme, for payment or a similar fee.
 - *Relevant revenue for a financial year*: the relevant revenue for a financial year as referred to in Article 3.29e(3) of the Media Act consists of all revenue generated in the Netherlands that is related to the provision of the relevant on demand audiovisual media service(s). This includes revenue from advertising messages, subscriptions, user transactions, sponsorship and product placement. This is the revenue after deduction of turnover tax (VAT). Apart from VAT, no other deductions are made.
 - *Sponsorship*: sponsorship as referred to in Article 3.29e(3)(d) of the Media Act is the provision of financial or other contributions by a media service provider or a natural person not normally engaged in the provision of media services or media content, for the purpose of creating or purchasing media content, with a view to distributing it to the general public or to promote or enable part thereof.
 - *Subscription*: a subscription on the basis of which the user is given access to the media content of the on demand audiovisual media service, as referred to in Article 3.29e(3)(b) of the Media Act.
 - *User transactions*: individual transactions by means of which the user pays for specific media content, as referred to in Article 3.29e(3)(c) of the Media Act.
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1.5 Regulatory framework

In addition to the Manual, the Financial Reporting Document – Relevant Revenue is also subject to the following rules:

1. The Media Act, Chapter 3, Title 3.2a Commercial on demand audiovisual media services and Article 9.14g of the Media Act.
 - Relevant revenue (as referred to in Article 3.29e(3) of the Media Act) includes all revenue generated in the Netherlands that is related to the provision of the relevant on demand audiovisual media service(s). This includes revenue from: advertising messages, subscriptions, user transactions, sponsorship and product placement. This is the revenue after deduction of turnover tax (VAT). Apart from VAT, no other deductions are made.
2. The accounting policies applied in the preparation of the most recently adopted financial statements of the media service provider must be based on one of the following generally accepted international financial reporting standards:
 - International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS);
 - US Generally Accepted Accounting Principles (US GAAP); or
 - Title 9, Book 2 of the Dutch Civil Code, including the guidelines of the Dutch Accounting Standards Board (*Raad voor de Jaarverslaggeving*; RJ).

For the relevant revenue, a consistent policy must be applied as regards the accounting policies and detailed applications, which must correspond to the accounting policies and detailed applications used in the most recently adopted financial statements, provided that these have been prepared in accordance with laws and regulations.

1.6 Scope of application

1. This Manual applies to any media service provider that provides one or more on demand audiovisual media services and whose total revenue generated in the Netherlands (at the level of the media service provider) amounts to €10 million or more in the relevant financial year.
2. Media service providers that meet the requirement stated in 1 are subject to the minimum obligations set out in more detail in sections 1.7 to 1.9. Details of the applicable obligations are also provided in section 1.2 ('Decision tree for the application of the Dutch investment obligation by media service providers') of this Manual.

3. The Dutch investment obligation has been in force since 1 January 2024. Media service providers must annually account to the Authority for the previous financial year before 1 July of the next year.
 4. For the first year (financial year 2024) in which media service providers account to the Authority, the date for supplying the information has been changed to 1 October 2025.
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1.7 Disclosure obligation

A media service provider that provides an on demand audiovisual media service and that generates revenue in the Netherlands (at the level of the media service provider) of €10 million or more in any given financial year will annually, before 1 July, inform the Authority of the composition and amount of the relevant revenue related to all on demand audiovisual media services the media service provider provided in the previous financial year.

The media service provider complies with its disclosure obligation by submitting a fully and truthfully completed Financial Reporting Document – Relevant Revenue to the Authority. The Financial Reporting Document – Relevant Revenue is included in Appendix 1 to this Manual.

1.8 Audit obligation

A media service provider that provides at least one on demand audiovisual media service, of which at least one service generates relevant revenue in the Netherlands of €10 million or more in any given financial year (at the level of the on demand audiovisual media service(s)), is obliged to add an auditor's report to the fully and truthfully completed Financial Reporting Document – Relevant Revenue.

If one of the media service provider's on demand audiovisual media services has a relevant revenue of €10 million or more, the media service provider will report the relevant revenue of all on demand audiovisual media services in the Financial Reporting Document – Relevant Revenue, irrespective of the amount of the relevant revenue of the other on demand audiovisual media services. This choice was made to prevent a situation where a media service provider that provides several services is required to invest less, relatively speaking, than a media service provider that provides a single service. This may be the case if the former media service provider divides the revenue among its different services.

The auditor's report must pertain to the amount and composition of the relevant revenue related to all on demand audiovisual media services provided by the media service provider in the relevant financial year.

1.9 Dutch investment obligation

1. A media service provider that provides an on demand audiovisual media service and generates relevant revenue of €10 million or more (at the level of the on demand audiovisual media service) in any given financial year must invest in Dutch cultural audiovisual products.
2. Media service providers as stated in 1.9.1 are obliged to annually invest at least 5% of their relevant revenue for the relevant financial year in Dutch cultural audiovisual products.

1.10 Supervision and compliance

1. The Authority is charged with the supervision of compliance with the Dutch investment obligation, which also includes the financial reporting of the relevant revenue by media service providers.
2. A media service provider that provides an on demand audiovisual media service and generates relevant revenue of €10 million or more in the relevant financial year is obliged:
To annually provide the Authority with a Financial Reporting Document – Relevant Revenue specifying the amount and composition of the relevant revenue for every on demand audiovisual media service. The reporting document must be accompanied by an auditor's report pertaining to the relevant revenue.
3. The media service provider must provide the Authority with additional information on request.
4. In respect of other media service providers that do not meet the requirements in 1.10.2, the Authority as the regulator still has the regular power to request an auditor's report on the relevant revenue.⁴

1.11 Frequently asked questions (FAQ)

The Authority has prepared an FAQ document (Frequently Asked Questions) for media service providers, which answers the most frequently asked questions about the regulations. The purpose of the document is to remove any uncertainty and facilitate compliance with the Media Act and the corresponding regulations.

⁴ Explanation to Article 17a of the Media Regulations.

Media service providers can visit the Authority's [website](#) to gain access to this document.

1.12 Sanctions for non-compliance

1. In the event of non-compliance with the conditions included in this Manual, the Authority may impose sanctions in accordance with the provisions of the Media Act.
 2. Possible sanctions could be:
 - a. administrative fines;
 - b. orders subject to a penalty; and
 - c. other measures as determined in the Media Act.
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1.13 Communication and contacts

Both the drafter of the Financial Reporting Document – Relevant Revenue (the media service provider) and the auditor may consult the Authority's Supervision department for further clarification about this Manual and the corresponding Audit Protocol for the Financial Reporting Document – Relevant Revenue.

The contact details of the Supervision department are as follows:

- Telephone: +31 (0)35-7737700
 - E-mail: [cvdm@cvdm.nl](mailto:cvd@cvdm.nl)
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1.14 Subject of the audit

The subject of the audit is the Financial Reporting Document – Relevant Revenue prepared by the media service provider. The Financial Reporting Document – Relevant Revenue consists of the following documents (in the form of tabs) entitled:

1. Financial Reporting Document – Relevant Revenue (1) - (1st tab of Appendix 1)
2. Financial Reporting Document – Relevant Revenue (2) - (2nd tab of Appendix 1)

2. Explanation of the Financial Reporting Document – Relevant Revenue

The Financial Reporting Document – Relevant Revenue contains fields for entering information that is specifically requested in the reporting document. This chapter provides a further explanation of the information requested in the reporting document and that requires clarification. This explanation sets out the definition of an on demand audiovisual media service (section 2.1), the relevant revenue categories (section 2.2), relevant revenue in the event of hybrid services (section 2.3), how estimates are dealt with in the allocation of relevant revenue (section 2.4) and the procedure to be followed in the event of a split financial year (section 2.5).

2.1 On demand audiovisual media service

In the Netherlands, the Authority as the media regulator is responsible for determining whether, in a specific case, a media service is an on demand audiovisual media service that is subject to its supervision.

Definition of an on demand audiovisual media service under media legislation

A media service is regarded as an on demand audiovisual media service if it meets the definition of Article 3.29a of the Media Act, i.e.:

on demand audiovisual media service: a media service on demand that is provided by an audiovisual media service provider and where the media content relates to products with moving video content, whether or not including audio content. This also includes the corresponding subtitling services and electronic radio/TV guides.

The term ‘*media service on demand*’ is defined in the Media Act as: a media service that consists of providing media content that can be purchased on individual request and at a time of your choosing.

Qualification criteria policy rule

The Authority has drawn up a policy rule defining the qualification criteria that must be met for an on demand audiovisual media service to exist. With this policy rule, the Authority also provides information about how it is determined in practice whether a media service is an on demand audiovisual media service that is subject to its supervision ([Beleidsregel kwalificatie commerciële mediadiensten op aanvraag 2025](#); hereinafter the ‘Policy Rule’).

An on demand audiovisual media service may be provided by:

- a) a media service provider that has its own platform on which audiovisual media content is provided for which the media service provider bears editorial

responsibility; or

- b) a media service provider that uses a video platform service offered by a third party to provide audiovisual media content for which the media service provider (the video uploader) bears editorial responsibility.

The Policy Rule provides that a media service is regarded as an on demand audiovisual media service if, in addition to complying with the aforementioned article (Article 3.29a of the Media Act), it also meets the following qualification criteria:

- a. *Catalogue*: the on demand audiovisual media service is based on a catalogue. A 'catalogue' is defined as the ordering of the available video content inside a database enabling the user to access the video content.
- b. *Primary Objective*: the on demand audiovisual media service is a media service whose primary objective or essential function is to provide audiovisual media content to the general public for information, entertainment or education. The provision of audiovisual media content to the general public for information, entertainment or education as part of a larger set of activities is regarded as a separate media service if the substance of that media content is autonomous and it serves a purpose that is independent of the provider's other activities.
- c. *Massmedial Nature*: an on demand audiovisual media service has a massmedial nature. This is the case if the general public in one or more Member States of the European Union can receive the service with standard consumer equipment either directly or indirectly and if this service can have a clear impact on a significant part of the audience.
- d. *Economic service*: the on demand audiovisual media service is an economic service. This means that the service is generally provided on payment of a fee or that the provision of the service generally yields a material benefit in another way.
- e. *Editorial responsibility*: for the purposes of the Policy Rule, if several parties have influence on the choice of the media content and its arrangement, the party with decisive influence on the choice of the audiovisual media content bears editorial responsibility.

Media service providers established in the Netherlands

Pursuant to Article 3.29b of the Media Act, a media service provider that provides or terminates an on demand audiovisual media service is obliged to inform the Authority of the date of commencement or termination of the service within two weeks of that date. The Authority keeps a register of on demand audiovisual media services that are subject

to its supervision. The register is available on the Authority's website and, in principle, is updated on a monthly basis.⁵

The Authority's register lists providers that are deemed to be established in the Netherlands pursuant to the Audiovisual Media Services Directive. If a media service provider has not reported an on demand audiovisual media service to the Authority, it must still do so. The Authority will then carry out a review and qualification process. An on demand audiovisual media service can only be included in the Financial Reporting Document – Relevant Revenue if the Authority has registered the service.

Responsibility of a media service provider

The media service provider is responsible for including the relevant revenue of every on demand audiovisual media service in the Financial Reporting Document – Relevant Revenue. The auditor verifies whether the amount and composition of the relevant revenue stated for every commercial service on demand included in the document are reported correctly and completely.

Media service providers established abroad

In relation to the above, it is noted that, in principle, the Dutch investment obligation also applies to providers established abroad that provide an on demand audiovisual media service that fully or partially targets the audience in the Dutch territory. In that case, these services will be registered with a foreign regulator abroad rather than with the Authority.

At the European level, the European Audiovisual Observatory keeps a database of registered on demand audiovisual media services – called MAVISE – which, briefly put, contains information about the audiovisual media services and video platform services available in Europe. In addition to the MAVISE database, the national registers of the relevant foreign regulator may provide clarity as to whether the service has been registered and, if so, by which provider.

Targeting the audience in the Dutch territory

The Audiovisual Media Services Directive (Directive (EU) 2018/1808, recital 38) contains indicators for determining whether an on demand audiovisual media service targets the audience in the Dutch territory. These are indicators such as advertisement or other promotions specifically aiming at customers in the Netherlands, the main language of the service or the existence of content or commercial communications aiming specifically at the audience in the Dutch territory.⁶

⁵ <https://www.cvdm.nl/registers/>

⁶ When the Audit Protocol for the Financial Reporting Document – Relevant Revenue was drawn up, a draft Media Decree was prepared that provides more details of the indicators. The indicators in the draft Media

Responsibility of a foreign media service provider

A media service provider established abroad is responsible for including the relevant revenue in the Financial Reporting Document – Relevant Revenue. This pertains to the amount and composition of the relevant revenue generated from all on demand audiovisual media services that fully or partially target the audience in the Dutch territory. The competent regulator in the relevant country may be contacted when there are doubts about whether an on demand audiovisual media service is correctly registered.

2.2 Relevant revenue categories

Article 3.29e(3) of the Media Act provides that the relevant revenue “*consists of all revenue generated in the Netherlands that is related to the provision of the relevant on demand audiovisual media service.*”

The relevant revenue may consist of revenue generated from advertising messages, subscriptions, user transactions, sponsorship and product placement.

The five relevant revenue categories are set out in detail below:

a. Advertising messages

The term ‘*advertising message*’ is defined in section 1.4: an advertising message as referred to in Article 1.1(1) and Article 3.29e(3)(a) of the Media Act is an expression in any form whatsoever, not being a home shopping message, with the unmistakable aim of inducing the audience to buy a certain product or use a certain service, or of giving the audience a favourable impression of a certain company, an industry or a particular institution in order to promote the sale of products or the purchase of services.

Explanation of the definition:

More specifically within the framework of the Dutch investment obligation, advertising messages are advertisements that are shown to users along with the media content of the on demand audiovisual media service. This is the case for services consisting of advertising video on demand (AVOD), in which advertising messages are displayed before and after the audiovisual media content.

A media service provider displays advertising messages with the aim of promoting sales. Strictly speaking, the qualification of advertising message does not require the message to be displayed on payment of a fee or commercial arrangements to be made. What matters is whether the media service provider displays the message with such a

Decree have been derived from the Audiovisual Media Services Directive and have been phrased such that providers of on demand audiovisual media services are able to perform an initial assessment themselves.

promotional aim. This does not alter the fact that the Authority will presume that this aim exists if the media service provider is paid for the message (financially or otherwise). In other words, as soon as arrangements are made with a third party about the aforementioned sales promotion, the existence of a promotional aim is assumed. If no such arrangements exist (and there is no aim, either), the message does not qualify as an advertising message.

See the [2022 Commercial Media Institutions Advertising Policy Rule, Staatscourant 2022, 12443](#) for more information.

b) Subscriptions

The term ‘*subscription*’ is defined in section 1.4: a subscription on the basis of which the user is given access to the media content of the on demand audiovisual media service, as referred to in Section 3.29e(3)(b) of the Media Act.

Explanation of the definition:

The sale of subscriptions is the revenue model for services consisting of subscription video on demand (SVOD). On payment of a periodic amount, a consumer as the ‘subscriber’ gains access to audiovisual media content (including series and films) that a media service provider provides through the on demand audiovisual media service. Consumers are generally required to create an account for this. See also the first paragraph of section 2.2 on page 5 of the Explanatory Memorandum.⁷

c) User transactions

The term ‘*user transactions*’ is defined in section 1.4: individual transactions in which the user pays for specific media content, as referred to in Article 3.29e(3)(c) of the Media Act.

Explanation of the definition:

A user transaction is a payment for every time a consumer wishes to view certain audiovisual content, such as a film. This way, consumers only pay for the audiovisual content they actually wish to receive. User transactions are the fees charged for services consisting of transactional video on demand (TVOD), also known as ‘pay per view’. In the context of determining the relevant revenue, the term ‘user transaction’ also includes creating a credit balance that gives access to the on demand audiovisual media service. This is the case, for example, for a gift card or voucher for a specific on demand

⁷ Parliamentary Documents I 2021/22, 36176, no. 3.

audiovisual media service.

d) Sponsorship

The term '*sponsorship*' is defined in section 1.4: sponsorship as referred to in Article 3.29e(3)(d) of the Media Act is the provision of financial or other contributions by a media service provider or a natural person not normally engaged in the provision of media services or media content, for the purpose of creating or purchasing media content, with a view to distributing it to the general public or to promote or enable part thereof.

Explanation of the definition:

Sponsorship entails that a third party provides a contribution to the media service provider, which may consist of an amount of money or of products and/or services. The idea here is that the third party contributes to the creation of the media content. However, concealed commercial influence is forbidden.

See [the 2022 Commercial Media Institutions Sponsoring Policy Rule, Staatscourant 2022, 12446](#) for more information.

e) Product placement

The term '*product placement*' is defined in section 1.4: product placement as referred to in Article 1.1(1) and Article 3.29e(3)(e) of the Media Act; the inclusion of or reference to a product, service or (figurative) mark within the framework of a programme, or part of the media content corresponding to a programme, for payment or a similar fee.

Explanation of the definition:

Where product placement is involved, a product or service is mentioned or used in the media content by embedding it in the storyline of the media content in a natural way. Product placement is always paid (in the form of money or similar compensation, such as a free car). The product or service is brought to the attention of the audience by mentioning it, discussing it or actively using it, for example.

By its nature, product placement differs from sponsorship or an advertising message. Sponsorship specifically entails that a third party provides a contribution to the media service provider, which may consist of an amount of money or of products or services. The idea here is that the third party contributes to the creation of the media content. As is the case with product placement, the sponsor's products may be shown in the media content, but the audience may not be encouraged to purchase products or services. A significant difference, however, is that the products are not embedded in the storyline in the event of sponsorship.

This means that arrangements on the use of a product are more far-reaching for product placement than for sponsorship. The difference with advertising messages is as follows. Advertising messages are statements that are unmistakably intended to persuade the audience to purchase a product or service, or they could be statements aimed at giving the audience a favourable impression of a specific brand or company in order to promote the sale of products or services. This is different for product placement, as the audience may not be encouraged to purchase products or services. This means that a promotional context is not permitted in product placement. Moreover, product placement requires that the products or services are a natural part of the storyline.

See the [2022 Commercial Media Institutions Product Placement Policy Rule, Staatscourant 2022, 12448](#) for more information.

2.3 Hybrid services

Media service providers generally provide on demand audiovisual media services through their own platforms. In addition to providing the content of on demand audiovisual media services, some media service providers also provide content of other services on their platforms. This content may consist of live streams (of sporting competitions or live events, for example) and/or simulcasts of existing programme channels and/or broadcasts of streaming-only programme channels (such as FAST channels).⁸ These are hybrid services.

Broadcasting services of audiovisual media service providers (hereinafter ‘broadcasting services’) are not subject to the Dutch investment obligation. This means that any revenue generated from the content of broadcasting services is not part of the relevant revenue, provided that the following conditions are met:

- the media service provider has obtained legally valid permission (a broadcasting licence) from a competent media regulator for the content of the broadcasting service;
- any revenue generated from the content of the broadcasting service must have been generated exclusively and demonstrably through this broadcasting service.

If, however, there is no broadcasting service (as is often the case, for example, with occasional live streams), the revenue generated by making the live streams available is deemed to be “related to the provision of the relevant on demand audiovisual media service”, as referred to in Article 3.29e(3) of the Media Act. The same goes for the revenue generated by making additional content available, such as online games that are provided on the same platform of the media service provider in addition to the on demand audiovisual media service.

⁸ This list is not exhaustive.

2.4 Estimates in the allocation of relevant revenue

When allocating the relevant revenue to categories based on estimates, media service providers must include in the Financial Reporting Document – Relevant Revenue a detailed explanation of the basic principles and assumptions applied. This explanation should provide clear insight into how the estimates were made, thereby ensuring transparency about the approach adopted.

The media service provider must adopt a consistent accounting policy as a guiding principle, in line with the methodology used in the preparation of the financial statements and aligned with the applicable internal cost allocation system.

The auditor is responsible for determining whether a consistent accounting policy has been applied in the preparation of the Financial Reporting Document – Relevant Revenue. This includes verifying whether the internal allocation of relevant revenue is consistent with the established internal cost allocation methodology and whether the explanation included in the Financial Reporting Document – Relevant Revenue sufficiently supports the estimates applied.

2.5 Split financial year

As defined in 1.4, a financial year is the period covered by a financial report. In the event of a split financial year, the financial year does not coincide with a calendar year.

In the event that a media service provider applies a split financial year, the provision of Article 9.14g of the Media Act becomes relevant. This article states that the relevant revenue is determined for the first time for the remaining months of the financial year in progress on the effective date of this article (...).

This may be illustrated as follows for a financial year that runs from 1 October to 30 September:

- The effective date of the Dutch investment obligation has been set at 1 January 2024. Media service providers must report the relevant revenue for the remaining months of the financial year in progress on the effective date (1 January 2024) before 1 October 2025.⁹ This means that the relevant revenue for 1 January 2024 up to and including 30 September 2024 must be reported.
- The amount of the Dutch investment obligation is determined as follows for the first financial year (2024). The revenue threshold of at least €10 million for a full financial year is at least €7.5 million for the period of 9 months (1 January 2024 up to and including 30 September 2024). If, for example, the service provider generated relevant revenue totalling €8 million in this period, the service provider

⁹ As stated in section 1.6, the first report (for financial year 2024) must be submitted before 1 October 2025 rather than 1 July 2025.

is subject to an obligation to invest 5% of its revenue of €8 million (= €400,000) for the first financial year 2024.

Appendix 1 Financial Reporting Document – Relevant Revenue

Media service providers can visit the Authority's [website](#) to gain access to the most recent version of this document.



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