

# TAX BRIEFING NOTE

## TV LICENCE FEE

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### What is it?

The TV licence fee is a tax on receiving live broadcast television. Broadcast receiving licences were introduced by the Wireless Telegraphy Act 1904, and were made permanent by the 1924 act. When the BBC introduced television services in 1936, it was covered under the existing licence. Broadcasts were suspended during the second world war and, when they were reintroduced in 1946, separate TV licences were also introduced. Colour licences were introduced in 1968 and black and white licences remain in place, although the number had fallen to under 10,000 by 2015.<sup>1</sup> Radio licence fees were abolished in 1971.

TV licence fee receipts are hypothecated to the BBC.

### What's the problem with it?

The licence fee means that television viewers who do not care for or who object to BBC output are compelled to fund the BBC to gain permission to watch non-BBC material. In addition to questions about whether this is a proper role for the tax system, it also diverts funding away from television output that viewers would have chosen in favour of BBC output.

### What should be done?

The TV licence fee should be abolished and replaced with a BBC charge. Viewers would use equipment to descramble BBC TV signals and access to the BBC iPlayer and online content. Payment of the charge would not be required to view broadcasts from other organisations.

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<sup>1</sup> TV Licensing, *Black and white TV still going strong*, <http://www.tvlicensing.co.uk/about/media-centre/news/black-and-white-tv-still-going-strong-NEWS22>