

Tax briefing note

TV licence fee

June 2025

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. When BBC Television was established in 1936 television services were included 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 there were 3,600 black and white TV licences in force in March 2024.¹ 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.

Before ITV first aired in 1955 the licence fee was arguably reasonable. If you were receiving television broadcasts then you were by definition consuming BBC content. But as more channels have entered the broadcasting market the weaker the link between the licence fee and BBC content has become to the point where it is now archaic and even absurd.

What should be done?

The TV licence fee should be abolished and the BBC part-privatised. Instead, a direct government grant would fund the remaining content of the non-privatised part of the BBC to ensure public-service broadcasting elements continue to be provided.

¹ TV Licensing, Licences facts and figures, www.tvlicensing.co.uk/about/foi-licences-facts-and-figures-AB18 (accessed 4 April 2025).