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Draconian law

Government throttles media with new tax on advertising

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Hungary's parliament passed a law yesterday that will tax the news media's advertising income, with taxation levels increasing according to the volume of earnings and with a ceiling of 40 per cent for earnings of more than 65 million euros.

The measure is likely to increase the problems of Hungary's already embattled media sector and seems designed to hit RTL Klub, an entertainment channel owned by the German media group RTL, particularly hard. Currently the channel with the most viewers, it will have to pay more tax than any other media.

Fuelling concern that RTL is the deliberate target, János Lázár, the head of the ruling Fidesz party's parliamentary group, told the media: "RTL is threatening the country (...) It would be good if they would practice this at home, in Germany, and not in Hungary."

At the same time, TV2, a commercial channel regarded as pro-Fidesz, has been granted a special dispensation that allows it to offset part of its tax deficit from previous years against the new tax. Hungary's left-wing opposition coalition has filed a complaint with the European Commission accusing the government of favouritism.

For the most part, the Hungarian media have been very critical of the new law. On 5 June, three days after it was submitted, 16 TV stations broadcast blank screens for 15 minutes in protest. The next day, several newspapers and magazines published issues with blank pages and the words: "We protest against the introduction of the tax on advertising revenue." And around a thousand people protested outside parliament on 9 June.

"We note with regret that this new law reinforces the repressive legislative arsenal that Viktor Orbán's government has developed since 2010," Reporters Without Borders said. "Hungary is undergoing economic difficulties that justify new taxes, but media pluralism is already too fragile to permit a new tax on the media.

"Fidesz is continuing its methodical demolition of Hungary's democratic foundations. An important part of this process is bringing independent media into line. All that was missing was economic strangulation. Thanks to Fidesz, this is now the law." **Orbán's Hungary continues its war on independent media**

The new law comes after Fidesz has reinforced its political position. After winning a record 45 per cent of votes in parliamentary elections in April, Fidesz has a two-thirds majority in parliament thanks to the skilful readjustment of electoral boundaries.

The law's adoption also comes on the heels of a new demonstration of the continuing erosion of freedom of information in Hungary. The editor of Origo.hu, a news website that has often broken stories about government abuses, was recently fired by its owner, the phone company Magyar Telekom, for reporting that Orbán's chief of staff received more than 6,000 euros to stay in a luxury hotel during a foreign trip.

Many of the website's staff members resigned in response to the editor's supposedly "negotiated" departure.

Fidesz has continued down the road it chose in 2010, when it adopted a media law that was widely condemned as repressive by Hungarian civil society and international and intergovernmental organizations. This new form of economic pressure is designed to further weaken media that have yet to be brought under the government's political control.

Hungary seems not to have awoken to the dangers of the loss of democracy since Fidesz took over the government in 2010. It has fallen 45 places in the Reporters Without Borders press freedom index in just three years and is now ranked 64th out of 180 countries.

The OSCE criticized the irregularities of the April elections, which strengthened the position of Prime Minister Orbán and his party. The European Union must now react as a matter of urgency.
