



Calculation of online royalties

Extract of an NCB distribution statement (all data are fictitious).

999876 Music for all C: John Doe, A: Jane Doe									
Recording: Downloads ONLINE/DOWNLOADS									
Country	Period	Company	Contract type	Price	Copies	Share%	Comm%	Amount invoiced	Net amount
NO	09/1	MSP Music	Downloads/mechanical	8.76	1	50.00	10.00	0.24 SEK	0.18 NOK
NO	09/1	MSP Music	Downloads/performing	8.76		50.00		0.09 SEK	0.08 NOK

Example

The comments in square brackets below [] refer to the information in the above extract of the distribution statement.

The invoice amount [Amount invoiced] is in SEK as the music service provider is a Swedish company. The royalties we pay out [Net amount] have been converted into NOK as the rights holder is Norwegian.

- The music track [Music for all] is offered by a Swedish music service provider [Company: MSP Music].
- One copy of the mentioned track [Copies: 1] was downloaded/sold in Norway [Country: NO] during the first half-year of 2009 [Period: 09/1].
- The price that the consumer pays for one track is SEK 8.76 [Price: 8.76].
- The rights holder, who receives the royalties according to the above statement, is entitled to 50% of royalties for the song in question [Share%: 50.00].
- We (in this case NCB and Stim, the Swedish performing rights society) collect **8% royalties** for music downloads:
SEK 8.76 x 8% = **SEK 0.70**.
- As the track was sold in Norway, royalties are subject to a national Norwegian tax of 2% (to Norwegian Composers' Foundation) according to Norwegian legislation:
SEK 0.70 x 2% = SEK 0.01.
- Total royalties for distribution for this track:
SEK 0.70 – SEK 0.01 = **SEK 0.69**.

Total royalties now have to be split up between mechanical and performing rights. The split between mechanical and performing rights for music download (se table below) is 70/30.

Next NCB/Stim's commission (10%) has to be deducted – and for the performing rights share an additional 10% deduction is made for so-called "national funds for cultural and social purposes". Se the calculation example below:



Calculation of the mechanical rights share (70%)

- The mechanical rights share for downloads makes out 70% of total royalties:
 $\text{SEK } 0.69 \times 70\% = \text{SEK } 0.48$
- The rights holder is entitled to 50% of royalties collected [Share%: 50.00]:
 $\text{SEK } 0.48 \times 50\% = \text{SEK } 0.24$ [Amount invoiced]
- As the rights holder is Norwegian, the amount is converted from SEK to NOK:
 $\text{SEK } 0.24 \times 0.84818$ (exchange rate from SEK to NOK) = NOK 0.20
- Our commission is 10% [Comm%: 10.00]:
 $\text{NOK } 0.20 \times 10\% = \text{NOK } 0.02$
- The royalties that are paid out to the rights holder for mechanical rights:
 $\text{NOK } 0.20 - \text{NOK } 0.02 = \text{NOK } 0.18$ [Net amount]

Calculation of the performing rights share (30%)

- The performing rights share for downloads makes out 30% of total royalties:
 $\text{SEK } 0.69 \times 30\% = \text{SEK } 0.21$
- Deductions for "national funds" are 10%:
 $\text{SEK } 0.21 \times 10\% = \text{SEK } 0.02$ ->
 $\text{SEK } 0.21 - \text{SEK } 0.02 = \text{SEK } 0.19$
- Our commission is 10%:
 $\text{SEK } 0.19 \times 10\% = \text{SEK } 0.02$ ->
 $\text{SEK } 0.19 - \text{SEK } 0.02 = \text{SEK } 0.17$
- The rights holder is entitled to 50% of royalties collected [Share%: 50.00]:
 $\text{SEK } 0.17 \times 50\% = \text{SEK } 0.09$ [Amount invoiced]
- As the rights holder is Norwegian, the amount is converted from SEK to NOK:
 $\text{SEK } 0.09 \times 0.84818$ (exchange rate from SEK to NOK) = **NOK 0.08** [Net amount]

The split between mechanical and performing rights – as well as national deductions for funds for cultural and social purposes – may vary from one country to another. Details appear from the **table below**.



National variations

Our commission rate for all online products is 10%.

Country of music service provider	Type of music service	Share (split between mechanical and performing rights)	Deductions for National funds for cultural and social purposes
Denmark	downloads	mechanical = 70%	0%
		performing = 30%	0%
	ringtones	mechanical = 70%	0%
		performing = 30%	0%
temporary downloads	mechanical = 50%	0%	
	performing = 50%	10%	
streaming	mechanical = 75%	0%	
	performing = 25%	10%	
Estonia	downloads	mechanical = 70%	0%
		performing = 30%	0%
	ringtones	mechanical = 70%	0%
		performing = 30%	0%
streaming	mechanical = 70%	0%	
	performing = 30%	0%	
Finland	downloads	mechanical = 70%	0%
		performing = 30%	6.7%
	ringtones	mechanical = 70%	0%
		performing = 30%	6.7%
temporary downloads	mechanical = 50%	0%	
	performing = 50%	6.7%	
streaming	mechanical = 70%	0%	
	performing = 30%	6.7%	
Iceland	downloads	mechanical = 70%	0%
		performing = 30%	10%
	ringtones	mechanical = 70%	0%
		performing = 30%	10%
Latvia	downloads	mechanical = 70%	0%
		performing = 30%	0%
	ringtones	mechanical = 70%	0%
		performing = 30%	0%
Lithuania	downloads	mechanical = 70%	0%
		performing = 30%	0%
	ringtones	mechanical = 70%	0%
		performing = 30%	0%
Norway	downloads	mechanical = 70%	0%
		performing = 30%	10%
	ringtones	mechanical = 70%	0%
		performing = 30%	10%
temporary downloads	mechanical = 50%	0%	
	performing = 50%	10%	
streaming	mechanical = 70%	0%	
	performing = 30%	10%	



Country of music service provider	Type of music service	Share (split between mechanical and performing rights)	Deductions for National funds for cultural and social purposes
Sweden	downloads	mechanical = 70%	0%
		performing = 30%	0%
	ringtones	mechanical = 70%	0%
		performing = 30%	0%
	temporary downloads	mechanical = 50%	0%
		performing = 50%	0%

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