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## **DISTRIBUTION RULES OF ROYALTIES COLLECTED FOR USAGE OF MUSICAL WORKS**

1.	Protection term of musical works .....	2
2.	Registration of musical works .....	2
3.	Distribution of royalties among rightsowners of a musical work.....	3
3.1.	Composer and lyricist of a musical work .....	3
3.1.1	Default distribution .....	3
3.1.2	Special or agreed distribution .....	3
3.2.	Arranger of a musical work .....	4
3.3.	Translator of a musical work .....	4
3.4.	Music publisher.....	4
3.5.	Percentage distribution tables of musical work .....	5
3.5.1	Musical work without text .....	5
3.5.2	Musical work with text .....	6
3.5.3	Musical works, if both authors of music and lyrics are not protected .....	6
4.	Genre coefficient of musical works .....	7
5.	Distribution of royalties collected for usage of musical works .....	8
5.1.	Radio .....	8
5.2.	Television.....	8
5.3.	Retransmission of TV channels .....	8
5.4.	Public performance .....	9
5.4.1	Live performance .....	9
5.4.2	From a mechanical recording.....	10
5.5.	Film music .....	10
5.6.	Online.....	10
5.7.	Blank tape levy .....	10
5.8.	Royalties from abroad.....	11

## 1. Protection term of musical works

According to the Copyright Law, the term of copyright protection is 70 years after the death of the author. A musical work is protected if the copyright protection has not expired at least for one of the co-authors. A work of an unprotected author may be used without permission and without paying royalties.

The protected author of the work will always receive his full share of the total value of the work.

Example:

composer – (DP<sup>1</sup> - not protected) 0%

lyricist – 50%

total – 50%

composer – 50%

lyricist – DP – 0%

total – 50%

If both the composer and the lyricist are not protected, then the arranger and the translator receive royalties in accordance with tariffs of AKKA/LAA.

## 2. Registration of musical works

Musical works are registered by the AKKA/LAA Department of Documentation and Distribution.

The following data shall be provided in the work registration application of AKKA/LAA:

- title of the work;
- alternative title (if there is);
- genre;
- duration;
- names and surnames of the co-authors of the work;
- publisher.

The author or authors must fill in the registration form with all required data of the work, royalty split among several co-authors as well, and confirm the data by signing the work application form. The percentage distribution of royalties must reflect the actual contribution of each author in the creation of the work, as no further corrections will be possible once the work registration has been completed.

The musical work registration form serves as a document for the distribution of royalties among the authors. Upon receipt of the musical work registration application, AKKA/LAA enters the information into its database, being the basis for the distribution of royalties.

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<sup>1</sup> Domain Public (tr.note)

## **Artificial Intelligence (AI)**

Copyright law protects the result of a person's creative work, so works entirely generated by AI are not registered, while as to those created by means of AI, copyright protection applies to the work as a whole.

Works created using AI shall be registered, if:

- AI has been used in creation as a technical tool, or
- a part of the work (music or text) is generated by AI, or
- AI is partly, but not entirely used to create music or text of the work.

Registration of the work created by means of AI:

- if a part of the work is entirely generated by AI, but the other part created by an author, the AI part shall be denoted as "AI" upon the registration;
- if AI has been partly, but not entirely used in creation of the work's music and/or text, the author shall specify the percentage of his/her own contribution. If this is not specified, then during the standard percentage distribution, the author shall be calculated half of the remuneration he/she would be entitled to under the standard distribution rules;
- if the terms of the AI service provide that developers retain rights in respect of the work created within the scope of the service, the author cannot register the work;
- if the terms of the AI service provide that rights in respect of the work belong to the user, then, upon the registration, the author shall be liable if the use of AI or the work resulting therefrom infringe the rights of third parties;
- in the distribution of the remuneration, the author receives the part due to him/her, the part agreed to AI shall be distributed pro rata to all the right holders of the program.

## **3. Distribution of royalties among rightsowners of a musical work**

### **3.1. Composer and lyricist of a musical work**

The percentage of any musical work is equated to 100% regardless of the number of authors.

#### **3.1.1 Default distribution**

If the creative contribution to the work is equal and the distribution of royalties complies with the standard distribution rules of royalties developed by AKKA/LAA, the card is signed by all the authors.

Default distribution means that both the composer and the lyricist receive equal shares:

composer – 50%  
lyricist – 50%

total – 100%

#### **3.1.2 Special or agreed distribution**

If the contribution of one author in the creation of the work is higher, the authors agree among themselves on the royalty distribution which is depicted in the work registration application. In that case the work application form must be signed by all authors, to whom the special distribution applies.

Example:

composer – 65%  
lyricist – 35%

total – 100%

### **3.2. Arranger of a musical work**

In order to arrange a musical work, the arranger must obtain the permission of the authors of the relevant work. Thus, in order for an arranger of a musical work without text to be eligible for a royalty share, the arranger must obtain the work composer's permission to arrange the work.

If the musical work is with text, the arranger must obtain permission from both the composer and the author of the text to arrange the work. The arrangement of the work is registered by AKKA/LAA, if the permission of the authors of the original work to make the arrangement has been submitted. If both the composer and the lyricist have concluded an agreement with a publisher, the permission is issued by the publisher.

According to AKKA/LAA tariffs, the arranger can receive 25% of the total value of the work:

composer – 37,50%  
lyricist – 37,50%  
arranger – 25%

total – 100%

### **3.3. Translator of a musical work**

In order to translate the text of a musical work, a permission of the authors (composer, lyricist) must be obtained. If the lyricist has concluded an agreement with a publisher, the permission is issued by the publisher.

Translator can receive 25% of the total value of the work:

composer – 37,50%  
lyricist – 37,50%  
translator – 25%

total – 100%

### **3.4. Music publisher**

If the music publisher has concluded an agreement with a composer or lyricist, the publisher is obliged to notify AKKA/LAA of the following:

- the name of the author the agreement has been concluded with,
- works for which the contract is concluded,
- the percentage distribution of royalties for musical works,
- proportion of the royalties for the publisher,
- the duration of this contract.

AKKA/LAA prepares distribution documentation for Latvian authors from electronic media and some other users at least once every six months, because in the distribution of royalties a following principle is applied: the remuneration collected for the use of works in the first half of the year is distributed in the second half; the remuneration collected in the second half of the year shall be distributed in the first half of the following year.

Conclusion of an agreement with an author results in a new percentage in the distribution of remuneration for the publisher, of which the publisher must inform AKKA/LAA, as well as AKKA/LAA must process this data and enter it into the database. Thus, if the publisher has concluded an agreement with the author in the period from January 1 to June 30, AKKA/LAA starts collecting and distributing the remuneration for the publisher starting from July 1; if the publisher has entered into an agreement with the author in the period from 1 July to 31 December, AKKA/LAA starts collecting and distributing the remuneration for the publisher as of January 1.

If the agreement is concluded for an arrangement or a translation, the music publisher must provide a permission to arrange or translate the work.

The original publisher of the work may, in accordance with the concluded agreement with the author, receives no more than 50% of the author's share of remuneration for the public performance of the work.

The original publisher may conclude an agreement with a publisher in another country. In such case the foreign publisher becomes a subpublisher.

Split of shares between a publisher and subpublisher is up to them, however it should be followed that the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

If any of the authors of a musical work is not protected, the music publisher is eligible to no more than 50% of the protected author's share.

### 3.5. Percentage distribution tables of musical work

Abbreviations used

Composer	C
Poet, lyricist	A
Arranger	AR
Translator of poetry, text	SA
Publisher	E

#### 3.5.1 Musical work without text

Genre	Authors of music		Authors of text		Publishers
	C	AR	A	SA	
A	100	-	-	-	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	100	-	-	-	
C	100	-	-	-	
A	75	25	-	-	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	75	25	-	-	
C	75	25	-	-	

\* As per Para.3.4 of these Rules, the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

3.5.2 Musical work with text

Genre	Authors of music		Authors of text		Publishers E
	C	AR	A	SA	
A	50	-	50	-	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	50	-	50	-	
C	75	-	25	-	
A	37,50	25	37,50	-	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	37,50	25	37,50	-	
C	50	30	20	-	
A	37,50	-	37,50	25	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	37,50	-	37,50	25	
C	50	-	25	25	
A	25	25	25	25	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	25	25	25	25	
C	40	35	12,5	12,5	

\* As per Para.3.4 of these Rules, the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

3.5.3 Musical works, if both authors of music and lyrics are not protected

Percentage distribution of royalties for newly created arrangements of musical works and folk music arrangements, if the works of the composer and the author of the text are not protected.

Genre	Authors of music		Authors of text		Publishers E
	C	AR	A	SA	
A	-	33,33	-	-	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	-	50	-	-	
C	-	50	-	-	
A	-	-	-	33,33	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	-	-	-	25	
C	-	-	-	12,50	
A	-	33,33	-	33,33	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	-	50	-	25	
C	-	50	-	12,50	

\* As per Para.3.4 of these Rules, the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

#### 4. Genre coefficient of musical works

In the distribution of royalties collected for Latvijas Radio and Latvijas TV, the coefficient of the genre of musical work and the duration of work (timing) are taken into account.

Genre A	Coefficient 1
Popular music	Song
	Folk music arrangement
	Other one-piece works of popular music
	Classical or academic music
Music created for a specific purpose	Miniature and works of such type (for example, sketches)
	Dance music
	Film music
Jazz	Background music (for example, a TV show)
	Jazz
	Stage music
Dramatic work (performance) music	
Genre B	Coefficient 2
Popular music	Song cycle
	Classical or academic music
Classical or academic music	Chamber music
	Fantasia
	Variation
	Sonata
	Suite
	Poem
	Sinfonietta
	Other classical music work, provided it is not included in category A or C and the duration of which is less than 20 minutes
	Performers
	Choir song a cappella or with accompaniment
Sacred music	Psalm
	Hymn
	One-piece cantata
	Stage music
	Separate musical pieces from an opera
	Separate musical pieces from a ballet
	Operetta
	Musical
Genre C	Coefficient 3
Classical or academic music	Symphony
	Symphonic suite
	Concerto for orchestra
	Other classical music work, the duration of which exceeds 20 minutes
	Sacred music
Sacred music	Requiem
	Mass
	Oratory
	Multipart cantata
	Passion

Stage music	Opera Ballet
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## **5. Distribution of Royalties Collected for Usage of Musical Works**

If the users fail to provide full reports, the analogy or selective method is used in the distribution of royalties.

If the processing costs of full reports provided by the users for the purposes of distribution are disproportionate in relation to the royalties payable, the analogy or selective method is used in the distribution of royalties.

### **5.1. Radio**

Royalties are distributed in accordance with reports provided by the users of the works, as well as by analogy with similar programs or according to sample or special programs, which are formed on the basis of statistical research.

When distributing, a coefficient of 0.2 is applied to the musical works in the commercials.  
When distributing, a coefficient of 0.04 is applied to the musical works in the jingles of the shows.

### **5.2. Television**

Royalties are distributed in accordance with full reports provided by the users of the works, as well as by analogy with similar programs or according to sample or special programs, which are formed on the basis of statistical research.

When distributing, a coefficient of 0.2 is applied to the musical works in the commercials.  
When distributing, a coefficient of 0.04 is applied to the musical works in the jingles of the shows.

### **5.3. Retransmission of TV channels**

AKKA/LAA collects royalties according to tariffs of AKKA/LAA, paid by each subscriber for every channel to the cable television company, which then transfers the royalties to AKKA/LAA.

AKKA/LAA adds together the amount for each channel and forwards the royalties to the copyright organization of the country in whose territory the relevant TV channel is produced and which distributes the royalties, or to an organization which has the necessary documentation and agrees to distribute.

Royalties are distributed to authors of Latvian musical works in accordance with Latvijas TV reports.

## 5.4. Public performance

### 5.4.1 Live performance (concert organizations, individual event organizers)

Concert organizers provide full reports.

If choreographic works are performed at concerts, then 50% of the remuneration for the work is due to the choreographer.

If the dance choreography is not registered or the choreographer does not have an agreement with AKKA/LAA, then, if the musical work is identifiable, the royalties are distributed to the rightsowners of the musical work.

The genre and duration of the musical works, if specified in the programs, can be taken into account in the distribution.

If the royalties in a concert for one composition do not exceed EUR 3.00, special sample reports, formed on the basis of statistical research, may be applied in the distribution.

If the concert report is not submitted at least 6 months after the concert or it is not possible to identify any registered work in the submitted concert report, the collected royalties are distributed using a compiled concert report.

A 10% rate is applied to the repertoire of a DJ warming up a concert audience, in other cases the previous principle is applied: the duration of the work, if known, and the number of works are taken into account.

If a concert program followed by a sing-along is offered to attendees for a single entrance fee, the collected royalties shall be allocated proportionally to:

Works included in the concert program	Works performed during the sing-along
80%	20%

Distribution of royalties in popular music concerts with an entrance fee, where:

- 5000 or more attendees,
- 1 main band (performer),
- and no more than 2 warm-up bands (performers)
- and/or warm-up DJ:

Main band (performer)	Warm-up bands (performers)	Warm-up DJ
80%	20%	-
72%	18%	10%
90%	-	10%

**5.4.2 From a mechanical recording**  
(discos, cafes, shops and other users of musical works)

Royalties collected for public performance from a mechanical recording are distributed as follows:

- 1) 50% of the amount is distributed in accordance with the concert reports, using a report compiled from the number of times musical, literary and choreographic works had been used in the concert programs,
- 2) 25% of the amount is distributed in accordance with Latvijas Radio reports,
- 3) 25% of the amount shall be distributed in accordance with Latvijas TV reports.

In the relevant reports the number of times the work has been used is taken into account.

Reports on the use of mechanical recordings of musical works in discos, bars, cafes, shops, etc. should not be provided. If a report is submitted, then AKKA/LAA is entitled to distribute the respective royalties in accordance with the submitted report.

**5.5. Film music**

Royalties collected for films demonstrated in movie theatres are distributed in accordance with the reports provided by the users of the works.

Distribution of royalties for public performance of musical works included in an audiovisual work in movie theatres is obligatory if the royalty collected per film is at least EUR 50.

The royalties collected for broadcasting are distributed in accordance with the reports or programs submitted by the electronic mass media – television.

The amount of royalties for musical works used in films is calculated as follows:

- a) 35% of the total remuneration paid by Latvijas TV for the use of all musical works in TV shows,
- b) 75% of the total remuneration paid by commercial television broadcasters for the use of all musical works in their shows.

If the duration of music in the film record sheet is indicated in meters, it is assumed that 1m equals 2.2 sec.

If music is used in the film, but the music duration in the movie is not specified, it is assumed that the music usage is 30% of the movie duration.

Royalties for film music due to film music authors represented by a foreign organization is forwarded to the copyright organization of the country in whose territory the film is registered, which distributes the remuneration, or to an organization which has the necessary documentation and agrees to distribute.

**5.6. Online**

Royalties are distributed in accordance with reports provided by the users of the works, as well as by analogy with similar programs or according to sample or special programs, which are formed on the basis of statistical research.

**5.7. Blank tape levy**

Remuneration is distributed in accordance with SN-02 Distribution Rules of Blank Tape Levy.

### **5.8. Royalties from abroad**

Royalties received from foreign authors' societies are distributed according to the usage data provided by said societies.

If the documentation is not available, the royalties are distributed by using analogy or sample method.