

STATEMENT
on the Distribution and Payment of the Royalties Collected by the
Georgian Copyright Association

Chapter I
General Provisions

Article 1. Purpose and Activity area of the Statement

1. The statement on the Distribution and Payment of the Royalties Collected is elaborated at the basis of the Statute of the LEPL Georgian Copyright Association and acting law.
2. The terms of the statement regulate the mechanisms of the distribution and payment procedures of the royalties collected by the Georgian Copyright Association.

Article 2. Competence

1. The main function of the Georgian Copyright Association, as of the exploitation rights' collective management organization is to establish the license agreement with the users on behalf of the right-holders, collect the royalties and pay them to the relevant right-holders. The Association collects royalties for creators of all categories according to the legal norms set by Georgian Legislation.
2. Georgian Copyright Association, within its competence granted by the statute, collectively manages the exploitation rights of right-holders according to the 18th Article of the Georgian Law on "Copyright and Neighbouring Rights".
3. The Association has established the bilateral agreements with the similar copyright management organizations and thus is conferred the special right for representing the foreign repertoire and to issue the licenses for the usage of foreign works at the territory of Georgia, as well as to collect and distribute the royalties to the relevant foreign copyright CMOs. The statement regulates the distribution and payment of the royalties belonging to the GCA members remitted from foreign CMOs.

Chapter II

Registration of the Copyright Protected Works and Proportions of Distribution of Collected
Royalties

Article 3. Registration of the Right on the Work

1. With the signing of the membership agreement, the member takes the responsibility of registration the copyright on his/her work(s), according to the rules and regulations set by the Georgian Copyright Association.
2. In case of existence of several right-holders per copyright protected work, and their right shares differ from the simple rules of distribution proportions set by the GCA, or there exist other factors which should be taken into consideration during the registration of the work(s), the right-holders must submit the relevant written documentation proving in what cases the work(s) should be registered under the certain right-holder's name.
3. If there is waiver of copyright or making of the derivative work the Association has to receive the relevant documentation signed by the right-holder.
4. In case if the relevant documentation is not submitted for the cases described in the Articles 2 and 3, the registration of the copyright for such work(s) is regulated according to the GCA set rules of simple proportions of royalty distribution.
5. For the cases described in the Articles 2 and 3, if the submitted written documentation does not provide the information on shares, the registration of the work is conducted according to the GCA set rules of complex proportions of royalty distribution.
6. The copyright for the author of adaptation of the public domain work is registered according to the GCA set rules of simple proportions of royalty distribution.

7. The information on copyright protected works is integrated to the local, and international work database.
8. Any kind of changes within the registration data should be performed in written form between the relevant parties.
9. The information accumulated in the database is the basis of the distribution of collected royalties.

Article 4. Proportions of Distribution

1. For the distribution of the royalties, the following proportions are set by the Association:

The public broadcast of the work(s), public performance and reproduction			
Music Works			
Simple Proportions			
Copyright protected music work	Composer 50%	Author of Lyrics 50%	
Music work without lyrics and/or with Public Domain lyrics	Composer 100%		
Music work with the Public Domain music composition	Author of Lyrics 100%		
Complex Proportions			
Copyright protected arranged music work	Composer 35%	Author of Lyrics 50%	Author of arrangement 15%
Arranged music work without the lyrics and/or Public Domain lyrics	Composer 70%	Author of arrangement 30%	
Copyright protected music work with adapted lyrics	Composer 50%	Author of Lyrics 35%	Author of adaptation 15%
Work containing the Public Domain music composition and adapted text	Author of Lyrics 70%	Author of adaptation 30%	
Literature Work			
Simple Proportions			
Copyright protected literature work	Author 100%		
Complex proportions			
Copyright protected adapted literature work	Author of original work 60%	Author of adaptation 40%	
Works of Visual Art, Choreography, Photography, Architecture, Monumental and Design Work			
Simple Proportions			
Copyright protected work	Author 100%		

Complex Proportions			
Copyright protected adapted literature work	Author of original work 60%	Author of adaptation 40%	
Cinematographic and other audio-visual work			
Simple Proportions			
Copyright protected work	Composer 25%	Dramatist 35%	Director 40%

2. In case if the audio-visual work(s) contains the Public Domain work, the royalty share for this work(s) will be equally distributed among the co-creator(s) of the audio-visual work.
3. The royalties collected from the usage of the drama work is distributed according to the tariffs set for the public performance of such works.

Chapter III

Rules of Distribution and Payment

Article 5. General Rules

1. Georgian Copyright Association distributes the royalties at the basis of the usage data submitted by the users.
2. The information on the usage of works should contain the following data: quantity, title, names of right-holders, performers and amount of performance. In certain cases, can be requested the provision of the addition information for proper distribution.
3. Submission of the information on usage of works by the user for the proper distribution is the legal right of the user, which is defined by the license agreement.
4. At the basis of the following information on work: number, title, names of creators, performers and amount of performance, the distribution of royalties is conducted through the following rules: The amount of relevant royalty payable per each provided information is divided on the total number of works performed, thus determining the value of a work, which is then multiplied by the number of the work performed and the amount of royalty belonging to this work is calculated.
5. In case if the work(s) usage information contains only the data on number, title, creators and performers the distribution of royalties is conducted through the following rules: the amount of relevant royalty payable per each provided information is divided on the total number of works performed, thus the amount of royalty belonging to a work is calculated.
6. In case if the usage information submission is not mandatory, the distribution is conducted according the statistically valid "Analogy Method" basis.
7. In case if, due to objective circumstances, obtaining of the work usage information is impossible, and in cases if the data does not allow the identification of the right-holder, the royalties are considered as the royalties collected for the public domain or other copyright protected works and is exploited according to the Georgian legislation.
8. In case if the work usage data contains the works which are copyright protection data expired - Public Domain, the royalties for such works are proportionally distributed among the other right-holders mentioned in the provided information log.
9. After the distribution of the royalties, the relevant generated file is submitted to the finance department for the further payment procedures.

Article 6. Analogy Method

1. Analogy Method distribution means the “background” (music work performed via the technical tools, besides such performance at the hotel rooms) music collections’ distribution at the basis of the usage information submitted by the local radiobroadcasting organizations. The distribution is conducted with the following rules: initially is defined the proportional share of one radio station payments in correlation with the total sum paid by all licensed radiobroadcasting organizations. Afterwards the sum collected from the “Background Music” is divided according to the already defined proportional share and is distributed according to the rules set for the distribution of collections for the radiobroadcasters at the basis of used works program submitted by them (Amendment 05.04.2017).

Article 7. Live Performance

1. In case of live performance, distribution of the collected copyright royalties is conducted at the basis of the information submitted by the users on: quantity, numbers of works used, relevant performers and creators, for the distribution the following rule is applied: the royalties collected is divided at the number of works used and relevant proportion is used for calculation for the value of a work.
2. While the non-permanent live performance at HORECA sector and similar establishments, and if the users do not submit the relevant usage program twice successively within the set terms, the relevant royalties will be distributed according to the programs provided by other HORECA users (Amendment 15.10.2014).

Article 8. Radiobroadcasting Organization

1. Royalties collected from the radiobroadcasting organization for the public broadcasting is distributed at the basis of the submitted information relevant of used copyright protected works with the following rule: the royalties paid by each radiobroadcaster is divided on the amount of works broadcasted and thus the value per work is defined, later the value is multiplied to the amount of performance of certain work for final determination of the royalties for the relevant right-holder.
2. In case when radiobroadcaster user(s) do not submit the relevant usage program twice successively within the set terms, the royalties paid by them will be distributed at the basis of the usage information submitted by other radiobroadcaster, with the following rules: the proportion of each radiobroadcaster share of the paid royalties will be defined through summing the total collections from the radiobroadcasters, afterwards the to-be-distributed royalties are divided in accordance with the set respective proportional share - and is distributed due to the distribution rules set for radiobroadcasters at the basis of the submitted usage program. (Amendment 15.10.2014)
3. The rules described in the article above is applied to the internet radiobroadcasters. (Amendment 15.10.2014)

Article 9. TV Broadcasting organization

1. While the primary broadcasting via TV broadcasting organization, the royalties paid for such transmission is distributed according to the relevant work usage program submitted by the TV broadcasting organization: the royalties accrued during the accounting period from each TV broadcasting is divided to the total music broadcasting time and thus the amount of the minute per price is defined. Afterwards the minutes are multiplied to the amount of music works used and the royalties per right-holder is determined.
2. In cases when TV broadcaster user(s) do not submit the relevant usage program twice successively within the set terms, the royalties paid by them will be distributed at the basis of the usage information submitted by other TV broadcaster, with the following rules: the other TV broadcasters ratings defined in percentages are used for identification in correlation with the TV broadcast missing the information, afterwards the total royalties received from the certain TV

broadcaster is divided by defined proportional share and is distributed according to the rules set for distribution of royalties form TV broadcasters at the basis of the submitted work usage program. (Amendment 05.04.2017)

3. The rules described in the article above is applied to the internet TV broadcasters. (Amendment 15.10.2014)

Article 10. Transit Operator

1. The distribution of copyright royalties paid by transit operators by cable and/or wireless communications for the secondary transmission will be distributed according to the ratings of the broadcasting channels in the following manner: royalties collected from a transit operator for the secondary transmission, the rating of which is above 0.1% is distributed according to the proportions set for the channels broadcasted within the transit operator, but in cases when the rating is below the 0.1% indicator, the royalties are distributed by the following equation: they are divided equally on the amount of similar rating operators. (Amendment 16.09.2016)
2. The Royalties belonging to the foreign TV broadcasters is distributed for the favour of the foreign CMOs which licences such TV broadcasters for the primary transmission of the copyright protected works.
3. Royalties for the local TV broadcasting channels are distributed at the basis of the submitted work usage information by the TV channels according to the set rules.
4. The royalty paid by the transit operators for the local TV broadcasters which are not licensed, is distributed according to the information which are presented by the licensed TV broadcasters. (Amendment 16.09.2016)
5. The rules described in this article is applied to the distribution of the royalties received from the secondary transmission via internet and performance of music works via technical means at the hotel rooms. (Amendment 05.04.2017)

Article10¹ Interactive streaming

1. The royalties collected from the public performance in interactive manner, will be distributed according to the types of works broadcasted interactively with the following rule: royalties from the works broadcasted as audio recording will be distributed at the basis of the information provided by the radio broadcasting organizations and according to the set rules. Meanwhile the royalties from the works broadcasted as video recording will be distributed at the basis of the information provided by the TV broadcasting organizations and according to the set rules. (Amendment 15.10.2014)

Article 11. Terms of Distribution

1. Distribution of the royalties on local repertoire is conducted within 3 months, but the royalties for the foreign repertoire is conducted once per 6 months' period after submission of the complete usage information from the users and payment of the licence fee. (amendment 20.02.2019)
2. In cases when user do not submit the works' usage information within the set terms, the copyright royalties paid by them will be suspended until the requested usage information is not submitted, unless the cases which are described in the second part of the article 7, the second part of the article 8 and the second part of the article 9. (amendment 15.10.2014)
3. Due to volume and/or complexity of processing the submitted usage information, the period of distribution can be increased with the necessary essential time.

Article 12. Deductions

1. According to the legislation, the deductions are applied to the collected royalties for the their collection distribution and payment, as well as the deductions are conducted from the amounts collected for the Public Domain works and other unidentified right-holders, the royalties are accumulated in the special social fund and is considered as the revenue of the association and source for the operational expenses.

- The amounts of deductions are set by the categories of the copyright protected works and are established by the board of the association within the authority conferred by the statute.

Type of Usage	Amount of deduction
Public broadcasting of the audio-visual (cinematographic) works	5%
Publication/reproduction of the literature work	10%
Public Performance of Dramatic Work	15%
All others	20%

- In case of necessity, for covering the administrative expenses, the association has the authority of using the collected and to-be-distributed royalties and reimburse them later through future deductions.
- The deductions amount for the usage of foreign CMOs repertoire is set by the reciprocal agreements concluded with such foreign CMOs. (amendment 20.02.2019)

Article 13. Payment

- The Financial department after receiving final document on distribution, is making systematization of the information. The final calculation of the amount of royalties is conducted at the basis of the Georgian legislation and is taxed relevantly. After paying the state taxes, the remained royalties are transferred to the local and foreign right-holders. (amendment 20.02.2019)
- The payment of the royalties distributed to the local repertoire should be conducted within a month's period after submission of the final distribution files to the finance department. (amendment 20.02.2019)
- The royalties for the local repertoire, the amount of which does not reach 100 (one hundred) GEL can be suspended until it reaches the transferable minimum amount. (amendment 20.02.2019)
- Royalties for the foreign repertoire as a rule is transferred once per fiscal year no later than 31st of December. (amendment 20.02.2019)
- Royalties for the foreign repertoire under 500 (five hundred) USD defined in national currency, can be postponed until it reaches the transferable minimum amount. (amendment 20.02.2019)
- When the information about the usage of the works are presented by the user but the royalties are not paid yet, it is possible to distribute royalties in advance that will be compensated after payment by the user in the future. (amendment 20.02.2019)
- The royalties, which are to be transferred to foreign partner CMOs are taxed with the taxes set for the non-resident entity according to the Georgian legislation, besides the cases when remitting entity represents the country benefiting with the privileges of the convention double taxation avoidance.

Chapter IV

Additional Issues

Article 14. Transparency

- For ensuring the transparency of the association's activities, the annual detailed financial report is published and distributed among the association's members and the e-version of the report is uploaded at the association's website.
- Information related to the royalty distribution and payment is maintained at the special virtual cards belonging to the member right-holders. The e-cards can be accessed by the right-holders via the association's webpage through the granted access key.
- The annual report is sent to the Umbrella Organizations and National Intellectual Property Centre - SAKPATENTI.

Article 15. Claims and Disputes

1. In case of disputes, the association keeps the right to suspend the distribution and payment the royalties. The suspension is possible in cases, if the dispute is related to a certain copyright protected work and the association is informed on this in written manner.
2. Association refrains from any involvement into disputes, besides the cases which are considered by the statute of the association.

Article 16. Final Provisions

1. The statement is effective upon its approval by the authoritative body.
2. The issues of distribution and payment, which are not defined with this statement is regulated by the decision of the Board of the Association.
3. The Statement is to be published on the association's website within the 2 calendar weeks upon its approval, or should be available to the association's members via other means.

Approved by the Georgian Copyright Association on 01.08.2011