

# Radio tariffs

## Commercial radio, non-commercial radio, short-term local radio stations

Valid from 1 October 2016

### Performing rights and mechanical reproduction royalties

**FM radio stations** pay a certain percentage of the station's overall revenue from radio operations as performing rights and mechanical reproduction royalties. The minimum royalty percentage is 4.5% of the overall revenue; however, the minimum amount is the sum given in the table on page 2.

**Radio stations** must declare all music used in their broadcasts to Teosto by the 15th day of the month following the broadcasting month.

#### Determining the royalty percentage

The royalty percentage is determined according to the hours of copyrighted music played. Depending on the hours of copyrighted music, the royalty percentage is 4.5–9.6%.

**Royalty percentage = music multiplier x price multiplier x 100**

$$\text{Music multiplier} = \frac{100\% \text{ of daytime hours of music} + 10\% \text{ of nighttime hours of music}}{\text{total broadcasting hours}}$$

**Price multiplier = 0.1247**

#### Broadcasting time

The daily broadcasting hours of radio stations are divided into daytime and nighttime broadcasting.

Daytime broadcasting takes place every day between 6:00 am and midnight. Nighttime broadcasting takes place every day between midnight and 6:00 am. The total broadcasting time is the sum of the daytime and nighttime broadcasting hours.

#### Daytime and nighttime hours of music

Daytime hours of music equal to the number of hours of copyrighted music broadcast in the daytime.

Nighttime hours of music equal to the number of hours of copyrighted music broadcast in the nighttime.

Determining the royalty percentage in cases where the radio station is not obliged to report music data to Teosto

The royalty percentage is determined by the hours of music, as shown in the table.

Hours of copyrighted music per month	Royalty percentage
max. 100	4.5%
101–200	5.6%
201–300	6.8%
301–500	8.2%
more than 500	9.6%

### Overall revenue of a radio station from radio operations

The overall revenue of a radio station refers to the gross income of the station from its FM, simulcasting and on-demand operations.

Revenue from FM radio operations includes all revenue directly related to radio operations, such as:

- revenue from sales of advertising time (advertising sales)
- revenue from sales of programme time (programme time sales)
- revenue from sponsored programmes (sponsorship revenue)

Revenue from simulcasting includes all revenue related to simulcasting, such as:

- revenue from advertising in the player window (audio and video advertising), including revenue from ads at the beginning, at the end and in the middle of programmes.

Revenue from on demand operations includes all revenue relating to on-demand services, such as:

- revenue from advertising in the player window (audio and video advertising), including revenue from ads at the beginning, at the end and in the middle of programmes

The radio station must itemise the revenue from FM operations, simulcasting and on-demand, whenever possible.

Revenue indirectly related to radio operations (such as sales of supplies, trips or concerts, or equivalent) is not included in revenue from radio operations.

The overall revenue from radio operations refers to the station's gross revenue from the aforementioned sources, independent of any legal or organisational matters concerning the Group or similar arrangements.

As an exception to the above rule, advertising time sold by RABO or some other advertising organisation that operates on the same principles and is approved by Teosto shall be included in the overall revenue at net valuation.

The only deductions made from the overall revenue are VAT and the actual credit losses related to the overall revenue calculation principles, recorded or to be recorded in the financial statements. Recouped credit losses are added to the gross revenue.

The overall revenue shall not include broadcasting fees received from broadcasting or transmitting public service announcements on the commission of RadioMedia.

## Sample calculation:

The station plays 4,784 hours of daytime music and 383 hours of nighttime music per year. Its total broadcasting hours are 8,760 per year and overall revenue EUR 500,000.

**Music multiplier:**  $4,784 + (383 \times 0.1) = 4,822$       $4,822 : 8,760 = 0.550$

**Royalty percentage:**  $0.550 \times 0.1247 = 0.069$       $0.069 \times 100 = 6.90$ , in other words, the royalty percentage = 6.9%

**Royalty payable per year:** 6.9% of EUR 500,000 = EUR 34,500

## Minimum royalty

If a radio station submits the required programme information to Teosto, the minimum royalty is 4.5% of the overall revenue of the station from radio operations during the period in question.

If there are shortcomings in the declaration of the programme information, Teosto may impose a royalty percentage of 5% as the minimum billing rate.

If a radio station has no revenue or if the royalty payable on the basis of its FM, simulcasting and on-demand operations falls below the sums given in the table below, the station must pay the minimum performing rights and mechanical reproduction royalty in EUR, specified in the table.

The minimum royalty in EUR is based on the quantity of copyrighted music and the number of the radio station's listeners. The quantity of copyrighted music is calculated as hours per month. Daytime and nighttime hours are considered equal for this purpose.

A radio station may choose whether its minimum royalty in EUR is determined on the basis of the population of its coverage area or the average number of listeners that the radio station reaches on a weekly basis.

	A	B	C	D
	1. Population in the coverage area max. 100,000	1. Population in the coverage area 100,001-300,000	1. Population in the coverage area 300,001-1,000,000	1. Population in the coverage area more than 1,000,000
	OR	OR	OR	OR
Hours of copyrighted music per month	2. Weekly coverage, max. 15,000 royalty EUR/month	2. Weekly coverage 15,001-30,000 royalty EUR/month	2. Weekly coverage 30,001-100,000 royalty EUR/month	2. Weekly coverage over 100,000 royalty EUR/month
max 100	50	60	75	115
101-200	100	125	150	225
201-300	150	200	250	375
301-500	225	300	375	565
over 500	300	400	500	750

VAT at the current rate is added to the fees.