

GVL info on 2018 payout volumes

Confirmation letter | 22.10.2018

GVL herewith confirms that the payout volumes to its right holders for the exploitation of neighbouring rights are unusually high in 2018.

The reason for this is that GVL executed the final distribution spanning 3 distribution years at the beginning of 2018. The final remuneration in question relates to the years 2010-2012.

Background for this concentrated payout for several distribution years is that, from usage year 2010 onwards, GVL revenues were switched from the previously income-based remuneration to a usage-based remuneration. Due to this fundamental system change, the German Patent and Trademark Office, being the supervisory authority of GVL, had determined that 2010 and 2011 were to form a transitional period for the payouts which resulted in the final distribution of the above mentioned years 2010-2012 to exceptionally fall on the same year and to be paid out simultaneously.

Another exception is that the payouts in 2018 also include revenues which should have been paid out with approx. one third each in 2015, 2016 and 2017 if a regular distribution had taken place, but had to be postponed for unforeseen technical reasons.

Due to the Collecting Societies' Act, GVL is subject to new statutory regulations regarding the distribution in future; these are likely to lead to only one final distribution taking place per calendar year for each distribution year from 2020 onwards.

Right holders thus need to prepare for lower, respectively more constant payout amounts from GVL in future. For the reasons mentioned above, the payout volume in 2018 should thus not constitute a representative benchmark for the tax assessment of our right holders.