



## Distribution of amounts due to rightsholders

### 1. Purpose of the policy

In compliance with DACS' Privacy Policy, DACS has put in place systems and processes to ensure it collects sufficient data from licensees to enable it to make accurate and timely distributions.

The purpose of this policy is to set out the information required from rightsholders in order to enable DACS to make a distribution to them and to set out the timing of these distributions.

### 2. Scope of the policy

This policy deals with funds distributed by DACS for Individually Administered Rights, Artist's Resale Right (ARR), Collectively Administered Rights, Public Lending Rights and Extended Collective Licensing Schemes.

### 3. Definitions

Rightsholders are the owners of copyright.

**Sister Societies:** Overseas collecting societies with whom DACS has an agreement to collect royalties including, but not limited to, royalties from ARR, Extended Collective Licensing, Public Lending Right and Copyright Licensing (individual and collective).

**Payback claimants:** rightsholders, or their authorised representatives, who claim a portion of the Collective Licensing funds collected by DACS and distributed as part of the annual Payback campaign.

**Individually Administered Rights:** DACS licenses reproductions of artists' works on their behalf.

**Collectively Administered Rights:** DACS participates in schemes with, but not limited to, the following agencies and societies and through which DACS receives royalties on a periodic basis:

- Photocopying of UK books and magazines, including certain websites: CLA – Copyright Licensing Agency and NLA – Newspaper Licensing Agency.
- Recording TV for educational use: ERA – Educational Recording Agency
- Simultaneous cable re-transmission: Irish & European cable & satellite, BBC Digital, ALCS
- Foreign Reprography and Private Copy: Sister Societies

### 4. Distribution of amounts due to rightsholders.

**Artist's Resale Right:** The Artist's Resale Right entitles certain artists and estates to a share of the sale price each time their work is resold on the secondary market via an auction house, art dealer or gallery and certain conditions are met.

**Extended Collective Licensing:** There is currently no extended collective licensing scheme in operation in the UK which has been authorized under the relevant UK law, however DACS does, from time to time, receive royalties from extended licensing schemes that are administered by DACS' Sister Societies.

**Public Lending Rights:** DACS receives a share of these royalties via some of its sister societies from time to time.

**Direct Member:** A Rights Holder who has signed a direct membership agreement with DACS Requirements for payment of distributions

## **5. DACS pays rightsholders who meet the following criteria:**

- Current bank/payment details have been supplied to DACS
- The required tax declaration process has been completed if applicable (double taxation)
- VAT requirements have been complied with if applicable
- DACS has correct address details
- The total payment amount reaches the payment threshold:

BACS: £20  
Cheque: £50  
International: £50

- If the cumulative amount of royalties collected by DACS has not reached the payment threshold during the year of collection, payment will be made during Q4 of the relevant year. The minimum payment thresholds for this are:

BACS: £5  
Cheque: £50  
International: £20

- They are not a member of a Sister Society for the respective service (in which case the royalty due is paid to the Sister Society, see below).
- Rightsholders can request their royalty payments are put on hold provided a valid reason is given, for example, they wish to update their payment details or are waiting to obtain a Withholding Tax certificate for tax authorities..
- Payments will then remain on hold until such a time as the Rights Holder notifies DACS to begin issuing payments once again. Any held royalties will then be distributed to the payee in the relevant distribution according to below enclosed distribution timetable.

## **DACS pays Sister Societies who meet the following criteria:**

- Correct and current bank/payment details have been supplied to DACS
- A completed tax declaration for their members (double taxation/WHT)
- DACS has correct address details

The total payment due reaches the payment threshold, which for Sister Societies is £150

## **5. Timetable for payment of distributions**

### **Copyright Licensing**

- Copyright Licensing is distributed to DACS' Direct Members each quarter, 60 days after the end of the quarter (this usually occurs around the 15th of the second month after the quarter-end). The distribution includes all royalties from Copyright sales invoices which have been issued and paid on and before the last working day of that quarter.

### **ARR Distribution to individuals**

- ARR due to rightsholders is distributed on a monthly basis, before the last working day of the month, but usually on the 15<sup>th</sup> of the month.
- The distribution includes all royalties resulting from invoices that have been issued and paid on or before the last working day of the previous month.
- If DACS receives notification that a resale royalty had been remitted to DACS in error (most commonly due to a sale being subsequently cancelled) AFTER a distribution has been made, DACS reserves the right to collect this incorrect payment back from the Rights Holder. Where possible this will be collected by deducting the amount paid incorrectly from the next payment due to the artist. If this is not practical the artist will be asked to send payment back to DACS. DACS will then refund or provide a credit note to the relevant art market professional for resale royalties remitted to DACS in error.

### **Copyright Individually Administered Rights and ARR Distribution to Sister Societies**

- Sister Societies are paid every quarter, 60 days after the end of the quarter (this usually occurs around the 20th of the second month after the quarter-end).

- The distribution will pay out all royalties from Copyright & ARR sales invoices which have been issued and paid on and before the last working day of that quarter.

### **Public Lending Rights**

- DACS pays Public Lending Rights royalties' annually by September, so within 9 months of the end of the financial year (31 December). Payment will be made for royalties collected in the previous financial year; for example, royalties collected by DACS in 2019 will be paid by September 2020. Public Lending Right royalties are distributed based on claims submitted by rightsholders.

### **Extended Collective Licensing**

- DACS pays Extended Collective Licensing royalties quarterly for monies collected in the previous financial year; for example royalties collected by DACS in 2019 will be paid quarterly throughout 2020, with the last payment in the financial year being November. Royalties will be paid when the required compliance procedures have been met by the rightsholders (e.g. withholding tax forms received and bank details provided).

### **Collectively Administered Rights**

DACS' current distribution policy is annual distributions in retrospect for all funds except those received from the CLA, which are distributed in the year in which they are received.

The annual distribution will pay out royalties received from Collective sales invoices which have been included in the Financial Accounts for that financial year and therefore meet DACS' revenue recognition criteria in that year. The revenue recognition policy is found in DACS Financial statements policy section. Since 2017, the distribution is made annually in September, so within 9 months from the end of the financial year. Adjustments to the amount payable are made for the following reasons:

- A small contingency is retained by DACS to allow for a fair and equitable distribution in case of any unforeseen problems.
- Any unclaimed contingency from one year will be added to the following year's distribution.
- Any claims DACS has not been able to pay out of the previous year's distribution and are no longer payable (see note on requirements from claimants below) will be added to the distributable amount for the following year.
- If DACS' Board of Directors deem it appropriate, funds received in the year of distribution, but normally payable the following year, can be distributed early. The allocation of payments to rightsholders will be claims based, with claims being made through DACS' annual Payback scheme, on an agreed mixture of royalties allocated to availability and royalties allocated on matched data. This means that if the claimant can show that their work was available for copying through the inclusion in the relevant media they will be allocated a proportion of the publications/programmes royalties received by DACS for distribution, whilst a certain percentage of royalties will be allocated on photocopying data received from CLA, NLA or sister societies. Further details can be found in DACS Distribution Methodology.
- DACS' terms and conditions for Payback rightsholders include the provision that although Payback members can terminate their membership with DACS with one month's notice, their termination will only take effect from the next financial year. This is to align the claimants claim period with the royalties received by DACS for distribution.
- The claims process includes the requirement that the correct VAT, tax and bank details are provided to DACS for payment to be made. If these details are not provided, DACS will allocate a payment to the claimant, but will hold this until the relevant criteria are met. If these criteria cannot be met before the closure of the following year's Payback campaign and the relevant details have not been received from the claimant despite at least 3 attempts by DACS using the information provided by the claimant on their claim form, the funds will be added to the following year's total amount due for distribution as noted above. If DACS' Board of Directors deem it appropriate and sufficient explanations for the delay have been received, the period for which these funds can be held can be extended on an exceptional basis.
- DACS takes its responsibility to regularly, diligently and accurately distribute and pay amounts due to right holders very seriously and aims to distribute royalties as soon as possible. However, where there are objective reasons which prevent compliance with this obligation the DACS Board of Directors shall have the power to alter any or all of the above timetables of distributions. This power is reserved for situations where an alteration to the timetable is objectively necessary, including but not limited to preserving the viability of the company during pandemic outbreaks and other disaster scenarios. Any delay in distribution caused by such alteration shall be limited to the extent necessary and in any case comply with the

relevant legislation.

## **7. Treatment of payments returned to DACS by the bank**

If a payment is returned by the bank due to incorrect details the individual Rights Holder or Sister Society will be contacted and requested to provide correct/current payment details. Their returned payment will be held by DACS along with all other payments becoming due to them until new payment details are received and confirmed.

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