

THE PRIVATE COPYING LEVY

Revenue	SEK 202 967 952
Personnel costs	SEK 2 798 151
Other costs	SEK 1 803 511
For distribution	SEK 198 366 290
Cost of collection	2.27 %

LEGISLATION

Every year, private individuals record huge amounts of music, films and TV programmes. Private copying has now largely moved from cassette and videotape to recordable CDs and DVDs, MP3 players, hard disc drive video players and set-top-boxes with built-in storage capacity. To compensate authors, performers and producers to some extent for the copying of copyright material for private use allowed under the law, a system of compensation is provided for in Article 26, subsections k-m of the Swedish Copyright Act. Similar systems to the one introduced in Sweden on 1 January 1999 exist in most other European countries.

Under the system, importers and manufacturers are required to pay a private copying levy on their imports of products especially designed for private copying, such as recordable CDs, DVDs, analogue video and audio cassettes and video players and MP3 players with integral storage capacity.

According to the legislation, the levy for analogue products is SEK 0.025 per recordable minute. In the case of products capable of multiple digital recordings, such as CD-RWs/DVD-RWs and MP3 players and video players with integral storage capacity, the levy is SEK 4 per gigabyte of storage capacity. The levy for other digital recordable media, such as CD-Rs and DVD-Rs, is SEK 2.50 per gigabyte of storage capacity. The law allows business enterprises to request a reduction in the amounts payable in certain specifically defined circumstances.

No levy whatsoever is payable on products that are exported or are intended

for the use of the functionally disabled, or on those that are used professionally. According to the Copyright Act, the private copying levy is to be collected through representative organizations, on a collective basis.

Under a partnership agreement between Copyswede, FRF (representing the film producers), IFPI (representing the phonogram producers) and UBOS (representing the broadcasting organizations), Copyswede collects the levy on behalf of all these organizations.

THE LAW IN PRACTICE

The law sets out the overall rules on the private copying levy. Swedish legislation has a lower level of detailed regulation than in many other countries. The legislator's intention was that the players in the market should agree on the rules to

be used in practice, and this is what has occurred. Following negotiations with IMI (Inspelningsmediainstitutet, the Swedish Recording Media Institute), SRL (Sveriges Radio- och Hemelektronikleverantörer, the Swedish Radio & Consumer Electronics Suppliers) and CE (the Swedish Consumer Electronics Industry Organization), Copyswede has agreed on the practical aspects of collecting the levy. It is in the interests of all parties to create as efficient a system as possible. It is also essential to establish a manageable system enabling importers and manufacturers to sell products to professional users, organizations for the functionally disabled and, in some cases, resellers, without any liability for the levy. Under the industry-wide agreements established, the private copying levy is implemented in practice as follows.

What the law states	Practical implementation
The importer's liability to pay arises at the moment of import.	The importer is allowed credit, and is only required to pay the levy when the products are sold on.
The importer is under a duty to produce accounts from the moment of import..	By agreement, the importer is allowed to produce accounts and pay once a month.
Under standard rules of civil law, any private copying levy paid in error is to be refunded.	In practice, the parties avoid payments in error by deferring payment of the levy until the point when the end-user is known.
No levy is payable for products that are to be used for purposes other than copying for private use.	Importers are not liable for the levy on sales to "professional users" who are registered with Copyswede. A player may also register at a later stage with Copyswede to take over accounting and payment liability for the levy from the importer.
The levy is not payable for products that are intended for use by the functionally disabled.	Importers are not liable for the levy on sales to any organizations for the functionally disabled that are registered with Copyswede.
The levy is payable on devices capable of audio and video recording and especially designed for private use.	Under agreements with the industry, lists have been drawn up of which products are to be subject to the levy and which are not. Where a product does not appear on either list, the parties have not yet agreed on its inclusion or non-inclusion.

PRODUCTS SUBJECT TO PRIVATE COPYING LEVY

Under the law, the levy is payable on any products that are especially designed for the production of copies for private use. During 2007, remuneration was collected for the following products:

DVD-R/RWs
CD-R/RWs
Audio players with integral storage capacity, e.g. MP3 players
Video players with integral storage capacity, e.g. DVD players and set-top boxes
E-cassettes (VHS) of more than 15 minutes' duration
C-cassettes of more than 15 minutes' duration
Minidiscs
CD-R/RWs (audio discs)

According to agreements with SRL and CE, the levy for video players and similar devices with integral storage capacity (e.g. DVD players and set-top boxes) is charged according to the following tariff:

Storage capacity	Amount charged
58 – 80 GB	SEK 200
81 – 250 GB	SEK 275
> 250 GB	SEK 350

For devices with a storage capacity of less than 58 GB, the charge is SEK 0.0035 per megabyte. The levy on audio players with integral storage capacity in 2007 was charged at SEK 4.00 per gigabyte of storage capacity. By agreement with IMI, the tariff for recordable CDs and DVDs is as follows:

Product	Storage capacity	Amount charged
CD-R	All up to 900 MB	SEK 1.00
CD-RW	All up to 900 MB	SEK 1.60
DVD-R/+R	4.7 GB	SEK 3.25
DVD-RW/+RW	4.7 GB	SEK 5.20
DVD-RAM	4.7 GB	SEK 5.20
DVD-R/+R Double Layer	8.5 GB	SEK 5.88

REVENUE COLLECTED

In 2007, revenue collected reached its highest level to date. A total of around SEK 203 million was collected. Of that amount, video cassettes accounted for some SEK 7 million and audio cassettes for around SEK 1 million. Revenue of approximately SEK 38 million was collected for CD-R/RWs and approximately SEK 87 million for DVD-R/RWs. The revenue collected for audio players with integral storage capacity totalled roughly SEK 11 million, while the total amount collected for video players with integral storage capacity was approximately SEK 59 million. A breakdown of the revenue collected over recent years, by product group, is illustrated in the bar chart below.

TOTAL REVENUE COLLECTED, BY PRODUCT CATEGORY, 2004–2007

