

PRS for Music

MSB2B Consultation

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Introduction

We ("**PRS for Music**") are holding a public consultation for a revised licensing scheme for Music Services (B2B) suppliers, currently the Supply of Background Music Services ("**MSB2B**") Licence.

The current MSB2B scheme was developed in 2008, and since then, the landscape has evolved considerably. In particular, the relative value of publishing rights for online delivery has increased significantly. Furthermore, technological advancements in both, software and hardware, have resulted in a greater variety of product offerings.

The consultation

The consultation will run for **8 weeks from 12 June 2025 until 7 August 2025**, and we will review all responses received on or before the closing date. Details on how to respond can be found on page 11.

Your views are important to us and so we are inviting you, our customers, members and stakeholders to give your views on the proposed licence. Once the responses have been reviewed, we will publish a summary alongside any further proposals.

This consultation runs in accordance with our [Code of Conduct](#), which outlines our commitment to issue fair, reasonable and proportionate consultations when proposing to introduce a new tariff or to make significant changes to an existing tariff. Our aim is to set reasonable terms and to apply and administer all licensing tariffs fairly and consistently.

Proposed revisions to the MSB2B Licence

Why we are proposing these changes

For the purpose of this consultation, references to licensees shall mean B2B music suppliers and references to customer shall mean the B2B music suppliers' direct customers.

Products provided by B2B music licensees have evolved and the ways in which the public can interact with the music has changed. Instead of set background music ("**BGM**") playlists or fully interactive jukeboxes, there are now several products available to customers, including interactive touch screens for staff and customers, as well as mobile apps and bespoke software packages to facilitate the playing of music.

In discussions with existing licensees, we received feedback on a selected number of issues including the format of the revenue and dubbing reporting forms, the application of on-demand terms, and the treatment of hardware revenue within the definition of gross revenue.

The relative value of music publishing rights (for digital delivery) has also increased since scheme launch in 2008¹. The current percentage of revenue charges and corresponding minima under the existing scheme require an update to ensure fair recompense to our members for the usage of their repertoire.

The Proposal

The Music Services (B2B) scheme covers two key music rights: the mechanical reproduction right (MCPS) and the communication to the public right (PRS)². It applies to both physical and digital/online delivery of music to customers. Under the scheme, licensees may supply an unlimited number of tracks (directly or through a distributor) to venues such as retail shops, restaurants, pubs, hotel rooms, commercial premises and even aeroplanes. The use of music under this scheme is solely for the purpose of playing music aloud at the customer's premises through physical or digital formats.

¹ Music and Streaming Final Report, CMA, 29th November 2022 (https://assets.publishing.service.gov.uk/media/6384f43ee90e077898ccb48e/Music_and_streaming_final_report.pdf)

² For the avoidance of doubt, the MSB2B scheme does not cover the public performance of music by the customer at its premises. A separate licence is required (by the licensee's customer) from PPL PRS Ltd.

As part of the proposed updates, we are revising the definitions for site and gross revenue and will remove ambiguities around interactivity to more accurately reflect how music services operate today. These updates are designed to improve clarity, address past uncertainties and ensure the scheme continues to meet the needs of the evolving MSB2B sector.

In addition, improvements to the reporting process will enhance the accuracy of music usage reporting and invoicing, benefiting both licensees and rights holders.

Key proposed updates:

- A revised definition of gross revenue that reflects licensee feedback around the inclusion of associated hardware costs within the scheme
- A revised pricing structure, which aims to remove existing confusion around licence application for each sector of the market
- Improved reporting forms, with clearer instructions and increased automation to make the reporting process easier and more efficient.
- A revised pricing metric (two options within consultation) to provide a simplified, transparent process for licensees
- Revised pricing levels to reflect the value of music rights within today's market
- Greater clarity around advertising revenue, ensuring that ads unrelated to music provision (e.g. non-digital imagery) are not included in gross revenue calculations.
- A revised definition of site which will address pricing disparity between licensees.

The benefits of these updates include:

- More accurate and fair royalty calculations
- Clearer understanding of how licensing terms apply
- Easier and less time-consuming reporting
- A framework that better reflects how modern music services operate

Pricing Structure

Licensees have regularly sought clarity on the distinction between background and on-demand in the scheme. This is partly due to the inconsistent usage of the terms on-demand/interactive and background/non-interactive within PRS documentation as well as the higher rate commanded by on-demand services irrespective of the customer usage/interaction levels.

To reflect feedback from both the market and our members, we propose to split the current Music Services (B2B) scheme into 4 separate schemes as follows:

- **Background Music:** A service that provides musical work(s) in pre-set playlists and is exclusively controlled by individuals employed or otherwise engaged by the customer.
- **Jukebox:** A service that allows members of the public to select musical work(s) through a device or mechanism located at the customer's site.
- **Karaoke:** A service consisting of audio-visual recordings of musical work(s) whereby the lyrics are reproduced graphically on the screen as the music plays.
- **Transport Services:** A service that provides musical work(s) as part of interactive music offerings within transport vehicles (such as aircraft, trains, buses, and similar conveyances) where members of the public can engage with the musical work(s) through on-demand selections or entertainment systems.

Pricing Metric

Pricing metrics are developed with considerations such as simplicity, operational efficiency and tariff alignment. We have elected to propose two options for the market and PRS members to consider and feedback on the structure of the royalty calculation. Option 1 is a percentage of revenue (PoR) calculation based on the current scheme, whilst option 2 introduces a new banded fixed fee calculation.

Both options reflect the current value of music publishing and usage across delivery types. Digital rates are increased to 16% of applicable revenue (or equivalent), while physical rates remain unchanged. In addition to this, the current pricing distinction between background, on-demand and karaoke services has been reflected within each of the proposals.

Option 1: Royalty Rates (Percentage of Revenue)

This option retains the same percentage of revenue calculation used within the existing scheme, meaning royalties are calculated as a set percentage of applicable revenue. A minimum fee applies only if the royalty calculated under this percentage falls below the relevant minimum charge.

The headline digital royalty rate has been increased to 16%, while physical rates remain unchanged from the current scheme. Digital minima have been adjusted to reflect CPI inflation from December 2023 – December 2024 (2.5%) and going forward, all minimum fees will include an annual inflation adjustment (using CPI index). The pricing distinctions between background, on-demand and karaoke services continue to apply and are reflected within each of the proposed rates and minima.

	Background Music		Jukeboxes		Karaoke		Transport Services	
	Digital Rate	Physical Rate	Digital Rate	Physical Rate	Digital Rate	Physical Rate	Digital Rate	Physical Rate
Percentage of applicable revenue	16%	6%	16%	6%	21%	9.5%	16%	6%
Minima (per site, per month)	£2.56	£2.00	£3.59	£2.50	£3.59	£2.50	£3.59	£2.50

Metric Application (Percentage of Revenue)

Licensees are currently required to report their revenue on a quarterly basis using the supplied reporting form. We ask for the following details from each licensee:

- Name of customers and number of serviced sites
- Category/type of service supplied (online/satellite interactive, physical karaoke etc)
- Total applicable revenue generated for each customer and site

This data is required to calculate the final royalties we collect. The current calculation is as follows:

1. Calculate aggregated totals of applicable revenue and sites across all customers.
2. Apply applicable minima (A) and percentage of revenue (B) calculations for each category type on aggregated totals.
3. Ascertain the greater of the aggregated minima (A) and percentage of revenue (B)

This calculation method includes a potential loophole: licensees could charge some customers a low fee and others a higher fee but only pay the combined minima across all sites, rather than applying the minimum for low fee-paying customers, and the full rate for higher fee-paying customers.

We will correct this loophole by specifying that each royalty calculation should take place on a per site level.

Option 2: Royalty Rates (Banded Fixed Fee)

Option 2 applies a fixed fee per site charge based on the customer's monthly applicable revenue. The lowest bands align with the minima proposed in the percentage of revenue option and rates will include an annual inflation adjustment going forward (using CPI index). The pricing level of each category and corresponding band has been calibrated to reflect the value of music in today's market as well as the music usage within each delivery type. This means that the current pricing distinction between background, on-demand and karaoke services is reflected within each of the proposed pricing structures.

Background Music			Jukeboxes			Karaoke			Transport Services		
Applicable Revenue (per site)	Digital Rate	Physical Rate	Applicable Revenue (per site)	Digital Rate	Physical Rate	Applicable Revenue (per site)	Digital Rate	Physical Rate	Applicable Revenue (per site)	Digital Rate	Physical Rate
up to £20.00	£2.56	£2.00	up to £27.00	£3.59	£2.50	up to £22.00	£3.59	£2.50	up to £27.00	£3.59	£2.50
£20.01 to £30.00	£4.16	£2.60	£27.01 to £37.00	£5.19	£3.10	£22.01 to £31.00	£5.69	£3.45	£27.01 to £37.00	£5.19	£3.10
£30.01 to £40.00	£5.76	£3.20	£37.01 to £47.00	£6.79	£3.70	£32.01 to £42.00	£7.79	£4.40	£37.01 to £47.00	£6.79	£3.70
£40.01 to £50.00	£7.36	£3.80	£47.01 to £57.00	£8.39	£4.30	£42.01 to £52.00	£9.89	£5.35	£47.01 to £57.00	£8.39	£4.30
For each additional £10 (subject to current banding range)	£1.60	£0.60	For each additional £10 (subject to current banding range)	£1.60	£0.60	For each additional £10 (subject to current banding range)	£2.10	£0.95	For each additional £10 (subject to current banding range)	£1.60	£0.60

Metric Application (Banded Fixed Fee)

The new structure will specify that each royalty calculation i.e. banding calculation should take place on a per site level. Each individual site charge will be then rolled to create the final total. An example of how this will function is provided below using demonstrative figures (extracted from the figures in the table above) from the background music digital rates.

Band 1 = Up to £20 = £2.56 charge

Band 2 = £20.01 to £30 = £4.16 charge

Band 3 = £30.01 to £40 = £5.76 charge

Band 4 = £40.01 to £50 = £7.36 charge

Applicable revenue (per site)	Banding	Banding charge
£18	1	£2.56
£27	2	£4.16
£35	3	£5.76

Calculation method: Apply banding to individual applicable revenues and then add individual per-site banding charges together (£2.56+£4.16+£5.76) = £12.48

Inflation Adjuster

In order to ensure the relevant charges under each metric option preserve accurate valuation, each of the options will include an annual inflation adjuster. The proposed inflation adjuster will apply to the rates applicable to the previous tariff year and will be made in line with the Consumer Prices Index inflation rate (to the nearest two-decimal places of a whole percentage point, unadjusted, as published by the Office for National Statistics). For the avoidance of doubt, we will not inflate the percentage of revenue rates.

Proposed Gross Revenue Definition

Licensees have contested the definition of gross revenue within the current scheme. The cost for provision of hardware to the customer should, in the licensees' opinion, not be included within the definition of gross revenue. It has therefore been suggested that the definition of gross revenue should be amended to clarify its scope.

The current definition of gross revenue includes all revenue attributed to the provision of the licensed service. We propose to revise the definition to exclude from the scope of gross revenue any costs attributed specifically to associated hardware costs with a conditional max adjustment cap of 20% of the gross revenue generated from the respective customer.

Associated hardware costs shall:

- Refer to any rental costs or warranty costs for the provision of the licensed service
- Not include any costs associated with the initial purchase, setup or installation of the music playback system

An example of how the hardware rental and warranty cap will function on a per site level is demonstrated below:

Gross revenue = £125

Associated hardware costs (inclusive of VAT) = £30

Step 1 (max cap calculation)	20% of £125 = £25
Step 2 (adjustable cap application)	If associated hardware costs are > than max cap calculation, apply

	max cap. Hardware costs = £30, therefore cap applies at £25
Step 3 (applicable revenue calculation)	Applicable revenue = (gross revenue – adjustable cap) – VAT (£125 – £25) – 20% = £80

We will also clarify that any revenue received from the sale of hardware within a separate transaction from the provision of music to the customer under this scheme shall be excluded from the scope of gross revenue.

Advertising revenue will continue to form an element of gross revenue and will therefore be subject to the same max adjustment caps and calculation process. The definition of gross advertising revenue will not include advertising revenue which is unrelated to the supply of the licensed service e.g. non-digital signage.

Revenue reporting

The existing excel form will be updated to ensure all calculations are automated to reduce admin for both the licensees as well as PRS.

In addition to the current fields within the reporting form, we will request the below details:

- Full name and address of customer sites including postcode and business category*
- Number of musical 'zones' in customer site
- Revenue breakdown from site including non-music nexus items.

**Fields to be provided by PRS*

Dubbing report

Feedback from several licensees outlined a request for the current reporting template to be updated. We propose to receive data on the number of plays per work in addition to the number of copies made. This is to complement the data on individual work copies per site which does not give any weighting to works that are streamed more than others in online delivery services, despite each stream involving another act of copying.

Proposed Site Definition

The current definition of sites states that if music is played through a centrally located system and relayed to separate parts of a premises occupied by separate entities, each part shall be deemed to be a separate site.

Due to technological advances and market demand, a number of licensees are now able to supply customers with multiple zones within their business/entity. For example:

- Shopping malls with different public areas (shopping thoroughfares, food courts, lounge areas, restrooms)
- Department stores
- Airports and transport hubs
- Multiple karaoke booths within a venue
- Bars and nightclubs (with no DJ present)
- Tables and booths in restaurants or pubs with independent music/entertainment control

To remove the disparity of cost between large sites with multiple music zones and smaller, single zone sites, we will amend the definition of site to include further, separate zones within a single site. We will add a zone uplift of 10% of gross revenue for each additional zone on the premises.

A zone will be classed as a separate area within a customer site under the control or occupancy of the same entity in which the musical/audiovisual material can be adjusted to differ from the material playing in the rest of the site.

An example of how the zonal uplift will be applied is below:

Site A has a final charge of £10 (post hardware adjustment cap etc) and two additional musical zones. Each zone uplift is 10% of charge. Therefore, the uplift is $(10\% \text{ of } £10) \times 2 \text{ or } £1 \times 2 = £2$. Therefore, the final gross revenue applied is £12. For the avoidance of doubt, the charge for the main site will always use rates for the highest delivery type. E.g If karaoke and background music are supplied to the same site with multiple zones, the applicable revenue would be applied to the karaoke rates.

Territorial & Rights Scope of the Scheme

The current territorial scope of the scheme is as follows:

1. Physically distributed services: right to reproduce and distribute by means of rental only, physical media containing repertoire works to customers in UK & EEA
2. Online/satellite-distributed services: right to deliver repertoire works by electronic means, authorising end users to make temporary copies of repertoire works on hard disc at the customer's site in UK only

Physical and digital/online deliveries consist of individual rights and restrictions as outlined below:

Music Rights Table		
	Physical Delivery	Digital/Online Delivery
Rights	MCPS	MCPS & PRS*
Territories Covered**	EEA	UK (unless via UK satellite which allows for EEA transmission)

**The PRS for Music communication to the public right where electronic methods are used to deliver the music from the licensee to their customer.*

***or as otherwise agreed separately with PRS/MCPS*

We propose to retain the current territorial scope under the new scheme terms. The scope of repertoire offered within the current scheme is all MCPS/PRS member's works. The only change under the new scheme will be the inclusion of a works exclusions list which will apply for karaoke usages. The principle of an exclusions list exists within a number of other published MCPS/PRS schemes and illustrates works that UK publishers are unable to grant authorisation due to the reservation of writer approvals, or the right to license being explicitly withheld by the original publishers/owners.

How to respond to the consultation

We hope you like our proposal; you can submit your response [here](#). Updates, frequently asked questions and further details on this consultation can be found on our website.

All responses should be received by 7 August 2025.

Next Steps

We will take all comments received into account when creating and reviewing this licence. We may publish comments received in our formal response. If you would like us to keep any part of your comment confidential, you will be able to opt out on the response form.

This consultation does not mean that we will implement changes proposed, however the responses we receive will be taken into account and we may propose further changes or an alternative option.

Contact Us

If you would like to speak with us regarding this consultation, please email MusicServiceB2BConsultation@prsformusic.com

We do accept written responses, which can be posted to:

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Thank you for taking part in this consultation and we look forward to your response.

PRS for Music is one of the world's leading music collective management organisations representing the rights of more than 175,000 talented songwriters, composers, and music publishers around the globe. Headquartered in the UK, it works diligently on behalf of its members to grow and protect the value of their rights. With a focus on innovation and integrity, PRS for Music is redefining the global standard for music royalties to ensure creators are paid whenever their musical compositions and songs are streamed, downloaded, broadcast, performed and played in public.

The Mechanical Copyright Protection Society (MCPS) collects and distributes mechanical royalties to songwriters, composers, and music publishers when their works have been copied or reproduced. We operate as an agent for MCPS under a service agreement to provide licence and tariff development alongside licensing and distribution services. Alongside MCPS' mandate to license musical works whenever reproduced or exploited in the UK, it also represents sound recording rights associated with Production or Library music e.g, background music synchronised to scenes within feature films or film trailers. MCPS representation of such rights extends to the communication to the public.

For businesses and organisations, we play a valuable role. Members have entrusted us to make their copyright music and songs available to be used in exchange for fair remuneration and we provide the required licences for this in a simple and cost effective way. This gives businesses and individuals the right to use millions of copyright songs from around the world, without the need to negotiate individual licensing terms for these works with the songwriters or publishers. We survey thousands of businesses to find out what music they are playing. Similar music use information is also supplied by TV and Radio broadcasters, as well as concert venues. Based on this information, we distribute royalties to the composers and publishers of the music that has been played.



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