

Indonesia's Legal Framework on Music Royalties

Recently, the issue of music royalty payments by users has become a spotlight. Public attention to this issue can be a good sign, because the issue of royalties has rarely been in the spotlight before. The growing discourse can be a crucial momentum for the development and enhancement of royalty regulations in Indonesia. With clearer and more robust rules, artists will receive protection and fairer benefits, while contributing to national economic growth.

The regulation of royalties for songs and/or music is anchored in a tiered legal framework that starts with the Law No. 28 of 2014 on Copyright ("Law No. 28/2014") is further elaborated through Government Regulation No. 56 of 2021 on the Management of Royalties for Copyright in Songs and/or Music ("GR No. 56/2021"), and most recently refined by Minister of Law Regulation No. 27 of 2025 on Management of Royalties for Copyright in Songs and/or Music ("MOLR No. 27/2025"). Based on Article 1 GR No. 56/2021 and Article 1 MOLR No. 27/2025, royalties are compensation for the use of economic rights to a work or related rights product received by the creator or owner of related rights. Related rights are rights related to copyright, which are exclusive to performers, phonogram producers, or broadcasting institutions. Therefore, royalties are received not only by the creator of songs and/or music, but also by the owner of related rights to songs and/or music, such as song producers.

Outlined below are the substantive provisions of Indonesia's music royalty framework, presented in a Q&A format for ease of reference.

1. Who is obligated to pay royalties for the use of songs and/or music in Indonesia?

Based on Article 3 of GR No. 56/2021 jo. Article 21 of MOLR No. 27/2025, everyone can commercially use songs and/or music in the form of commercial public services (both in analog and digital form) by paying royalties to creators, copyright holders, and/or related rights owners through the National Collective Management Institution (*Lembaga Manajemen Kolektif Negara* - "LMKN"). Based on Article 21 and Article 22 MOLR No. 27/2025, the forms of commercial public services include:

No.	Commercial Public Services	Description
1.	Analog Form	a. accommodation, consisting of:

No.	Commercial Public Services	Description
		<ul style="list-style-type: none"> 1. star-rated hotels; 2. non-star-rated hotels; 3. villas; 4. apartments; 5. resorts; 6. inns; 7. camping grounds; 8. homestays; 9. guest houses; and 10. boarding houses; b. food and beverage establishments, consisting of: <ul style="list-style-type: none"> 1. restaurants; 2. cafes; 3. food courts; 4. canteens; 5. food stalls; and 6. culinary areas or food streets; c. discotheques, nightclubs, pubs, bars, and bistros; d. shops and malls, consisting of: <ul style="list-style-type: none"> 1. modern shopping centers or malls; 2. shops; and 3. minimarkets; e. sports facilities, consisting of: <ul style="list-style-type: none"> 1. gymnasiums or fitness centers; 2. billiards; 3. ice skating; 4. bowling; and 5. other sports facilities and infrastructure; f. fitness and treatment facilities, consisting of: <ul style="list-style-type: none"> 1. beauty salons; 2. beauty clinics; 3. spas; and 4. reflexology massage; g. transportation facilities, consisting of: <ul style="list-style-type: none"> 1. air; 2. land; 3. sea; 4. rivers; 5. lakes; and 6. waterways;

No.	Commercial Public Services	Description
		<p>h. supporting transportation facilities, consisting of:</p> <ol style="list-style-type: none"> 1. airports; 2. train stations; 3. terminals; 4. ports; and 5. bus stops; <p>i. entertainment and tourist attractions, consisting of:</p> <ol style="list-style-type: none"> 1. thematic recreation areas or theme parks; 2. zoos; 3. land-based tourist attractions; 4. water-based tourist attractions; and 5. museums; <p>j. offices, consisting of:</p> <ol style="list-style-type: none"> 1. banks; 2. offices; and 3. shared/shared workspaces or co-working spaces; <p>k. cinemas and their facilities, consisting of:</p> <ol style="list-style-type: none"> 1. networked; and 2. offline; <p>l. call waiting;</p> <p>m. television, consisting of:</p> <ol style="list-style-type: none"> 1. central government broadcasting institutions; 2. regional government broadcasting institutions; 3. private broadcasting institutions; 4. pay television; and 5. simulcast/webcast broadcasts; <p>n. radio, consisting of:</p> <ol style="list-style-type: none"> 1. government radio broadcasting institutions; 2. regional government radio broadcasting institutions; 3. privately owned radio broadcasting institutions; 5. food stalls; and 6. culinary areas or food streets; <p>o. karaoke, consisting of:</p> <ol style="list-style-type: none"> 1. executive karaoke; 2. family karaoke; 3. karaoke hall; and 4. karaoke box; <p>p. music concerts, consisting of:</p> <ol style="list-style-type: none"> 1. paid music concerts; and

No.	Commercial Public Services	Description
		2. free music concerts with economic value, held in public areas, including stadiums, exhibitions, and open/closed spaces; q. festivals; r. commercial seminars and conferences; s. exhibitions, bazaars, sporting events, and special events; t. hospitals and clinics; u. training facilities, consisting of: 1. music courses; and 2. dance courses; v. clubhouses; w. provision of song and/or music content for public communication purposes, including music stored on digital storage or hard disks, consisting of: 1. audio music players; 2. video music players; 3. video karaoke players; and 4. mobile disc jockey.
2.	Digital Form	a. audio/video streaming; b. audio/video download; c. simulcast/webcast; d. video on demand/over the top; e. online/web radio; and f. live event streaming.

In this case, royalties are not paid directly to creators, copyright holders, and/or related rights owners, but are paid to LMKN. LMKN who has the authority to collect and distribute royalties and manage the economic rights of creators and owners of related rights in the field of songs and/or music.

Furthermore, based on Article 9 of GR No. 56/2021 jo. Article 20 of MOLR No. 27/2025, commercial public services must submit a license application to the creators, copyright holder, or related rights owner through the LMKN. The license agreement shall be registered by the Minister of Law in accordance with statutory provisions. The implementation of the license shall be accompanied by the commercial public services to report the use of songs and/or music to the LMKN through the Song and/or Music Information System (*Sistem Informasi Lagu dan/atau Musik* - “SILM”). Commercial use for a performance may use songs and/or music without a licensing agreement by continuing to pay royalties through the LMKN.

Royalty payments are made immediately after the commercial use of the song and/or music. The obligation to pay royalties for the use of songs and/or music in commercial public services is the responsibility of the event organizer or business owner.

2. What is the difference between LMKN and LMK?

In addition to LMKN, there is also a Collective Management Institution (*Lembaga Manajemen Kolektif* - "LMK"). LMK is a non-profit legal entity authorized by creators, copyright holders, and/or related rights owners to manage their economic rights by collecting and distributing royalties. In this matter, royalties are distributed from LMKN to creators, copyright holders, and/or related rights owners through LMK.

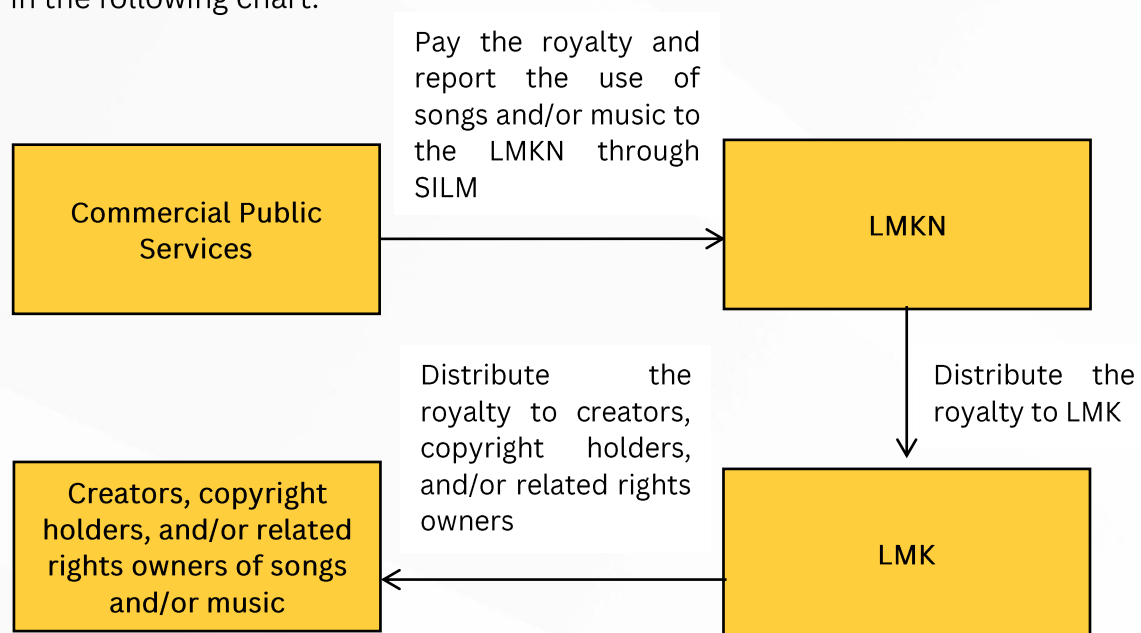
Furthermore, based on Article 18 of MOLR No. 27/2025, LMKN (consisting of LMKN for creators and LMKN for related rights owners) is authorized to manage royalties collected from the commercial public services. The management of royalties consists of: (a) the collection of royalties; (b) the accumulation of royalties; and (c) the distribution of royalties.

Pursuant to Article 25 MOLR No. 27/2025, the accumulation of royalties is conducted through a single bank account in the name of LMKN or each LMKN, which remains accessible to all LMK. Royalties accumulated by both LMKN for creators and LMKN for related rights owners shall be jointly allocated for the following purposes:

- a. Distribution of royalties. The distribution of royalties is carried out by LMKN through the LMK and is allocated to creators, copyright holders, and/or related rights owners who are registered members of an LMK. In cases where creators, copyright holders, and/or related rights owners are not members of any LMK, royalties shall be distributed on the basis of claims and verification of data submitted by the respective creators, copyright holders, and/or related rights owners (Article 27-28 of MOLR No. 27/2025);
- b. Operational funds, which allocated to support the functions of each LMKN, the LMKN secretariat, and/or LMKN representative offices at the provincial level. Each LMKN may utilize up to 8% (eight percent) of the total royalties collected annually as operational funds, which may cover operational expenses, commissioners' salaries, facilitation of the supervisory team, and other related costs (Article 29 of MOLR No. 27/2025); and
- c. Reserve funds. In this case, if within 2 (two) years: (i) creators, copyright holders, and/or related rights owners remain unidentified and/or are not members of any

LMK; (ii) songs and/or music works are not reported as being used; or (iii) disputes remain unresolved among rights holders concerning copyright or related rights, the royalties may be designated as reserve funds. Such reserve funds may be used by LMKN for music education, social or charitable activities, social security for individual LMK members, and/or copyright and related rights awareness activities associated with royalty management, provided that such use does not exceed 8% (eight percent) of the total royalties collected (Articles 31–33 of MOLR No. 27/2025).

In short, the collection, accumulation, and distribution of royalties can be described in the following chart:



3. What are the royalty rates for the use of songs and/or music in Indonesia for commercial public services?

The royalty rates varies depending on the type of commercial public service. The rates are regulated in the Minister of Law and Human Rights Decree No. HKI.2.OT.03.01-02 of 2016 concerning the Ratification of Royalty Rates for Users Commercially Utilizing Music and Song Creations and/or Related Rights Products (“MOLD No. HKI.2/2016”). These rates remain in effect as there have been no changes to this MOLD.

For the example, for the commercial public service in the type of restaurant. In the Article 1 paragraph (4) of the Attachment to MOLD No. HKI.2/2016 (MOLD concerning Royalty Rates for Restaurants, Cafes, Pubs, Bars, Bistros, Nightclubs, and Discos), it is stipulated that the royalty rate for the culinary music service sector,

restaurants and cafes, is determined per seat per year, with the provision that the creator's royalty is IDR60,000 (sixty thousand Rupiah) per seat per year, and the related rights royalty is IDR60,000 (sixty thousand Rupiah) per seat per year, or in total of IDR120,000 (one hundred twenty thousand) per seat per year.

4. Is it only the use of Indonesian songs that requires royalty payments?

No, the obligation to pay royalties also applies to the use of foreign music. Based on Article 19 of MOLR No. 27/2025, the collection of royalties is not only carried out within the territory of the Republic of Indonesia, but also in other countries throughout the world. The collection of royalties is carried out based on a cooperation agreement between the LMKN for creators and LMKN for related rights owners with the collective management institution in that another country. In addition, to establishing cooperation based on an agreement with a collective management institution in another country, the LMKN for creators and LMKN for related rights owners may jointly enter into a cooperation agreement with a foreign digital platform.

5. What are the sanctions if an event organizer or business owner of commercial public services does not make music royalty payments?

Based on Article 113 paragraph (3) of Law No. 28/2014, there are criminal sanctions of imprisonment for a maximum of 4 (four) years or a maximum fine of IDR 1,000,000,000 (one billion Rupiah). In addition, based on Article 99 paragraph (1) of Law No. 28/2014, a civil suit for compensation can also be filed by creators, copyright holders, and/or related rights owners to the commercial court for violation of copyright or related rights products.

Further information

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