

**Internal Revenue Service  
Form SS-8 Determinations  
P.O. Box 630  
Stop 631  
Holtsville, NY 11742-0630**

**November 15, 2023**

**Subject: Misclassification of Music Creatives and  
Potential Tax Implications**

Dear Sir/Madam,

My name is Tiffany Red. I'm a Grammy-winning songwriter and founder and executive director of the music creative advocacy organization The 100 Percenters. I am writing to bring concerns regarding the potential misclassification of music creatives in the music industry to your attention, involving major entities such as Universal Music Group, Warner Music Group, and Sony Music.

This letter and the SS-8 form I completed regarding my experience working with UMG label, Interscope Records aim to highlight key issues that suggest the misclassification of music creatives and to request a thorough review by the Internal Revenue Service (IRS) to assess any potential tax-related implications.

**Key Concerns:**

Compensation Disparities and Copyright Royalty Board Influence:

- In the streaming era, songwriters face a significant challenge being confined to the publishing share of the revenue from the song.
- Songwriters and publishers receive a mere 15.1% of total streaming revenue in the U.S., while record labels and artists claim 52% - 57%, and digital service providers (DSPs) secure 27.9% - 32.9%.

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- These rates, decided on by the Copyright Royalty Board, contribute to a disproportionate distribution, impeding our ability to earn a livable wage.
  - In 2022, U.S. recorded music made \$15.9 billion, while U.S. music publishing made \$5.6 billion. That's a \$10.3 billion difference.
  - Songwriters are denied songwriting fees from record labels and artists for their contribution to the creation of the song's recording, while producers are paid a fee and given the right to negotiate a contract.

Pro-Rata System Inequities:

- The current streaming model's pro-rata system disproportionately favors popular singles, placing middle-class songwriters who create the remaining songs on the album/project that aren't the singles at a financial disadvantage.

Misallocation of Publishing Rights:

- A common practice is that artists or their representatives receive publishing rights for songs they did not contribute to, leading to reduced royalties for actual songwriters and producers.

Negotiation Restrictions:

- Music creatives are often discouraged from negotiating fair compensation with artists and labels and threatened with retaliation.

Misclassification:

- Music creatives are classified as independent contractors but are denied fundamental rights, including the right to self-govern and receive payment for their services.

These practices have led to income erosion for music creatives while major music groups and streaming platforms amass significant profits. Despite ongoing concerns voiced by the songwriting community, the industry has neglected the urgent need for change.

I believe that a comprehensive review by the IRS is essential to ensure proper compliance with tax laws and regulations, as well as to address potential misclassification issues within the music industry.

Your attention to this matter is greatly appreciated, and I trust that the IRS will take appropriate action to uphold fair taxation practices within our industry.

**Respectfully,**



**Tiffany Red**  
**Founder & Executive Director**  
**100 Percenters Foundation**