

**TAX ON PAYMENTS FROM COPYRIGHT AGENCY**

July 2019

**This information sheet is a general guide only. We recommend that you seek independent financial advice about how the tax system affects payments from us to you.**

You need to treat all payments from us as income for tax purposes.

Payments we make to members are affected by Australia’s tax system. We make adjustments, where required, for Goods and Services Tax (GST) and Royalty Withholding Tax (RWHT) for foreign residents. The adjustments depend on:

- the source of the payment;
- your GST status; and
- where you are resident for tax purposes.<sup>1</sup>

| Payment source                | Description   | GST on payment <sup>2</sup> | GST on admin fee <sup>3</sup> | RWHT (foreign residents) |
|-------------------------------|---|-----------------------------|-------------------------------|--------------------------|
| statutory licences            | Australia’s copyright legislation includes statutory licence schemes that allow the use of content without permission but require fair compensation to content creators. Copyright Agency is appointed by the Australian government to manage statutory licences for education and for government, for text and images. | x                           | ✓                             | ✓                        |
| non-statutory licences        | Copyright Agency manages licences, authorised by members, that enable the use of members’ works (for example by corporations).  | ✓                           | x                             | ✓                        |
| overseas collecting societies | Copyright Agency distributes copyright payments collected overseas.   | x                           | ✓                             | ✓                        |
| artists’ resale royalties     | Copyright Agency is appointed to manage the artists’ resale royalty scheme, which requires a percentage of the resale price for an artwork to be paid to the artist.  | x                           | ✓                             | x                        |
| LearningField                 | An online subscription platform of educational resources for schools managed by Copyright Agency for participating members.   | ✓                           | x                             | ✓                        |
| infringement settlements      | Amounts negotiated by Copyright Agency for members in settlement of infringement actions.   | x                           | ✓                             | x                        |

<sup>1</sup> You may need advice from your accountant or financial adviser about the taxation implications.

<sup>2</sup> Provided you have told us that you are registered for GST.

<sup>3</sup> See <http://copyright.com.au/membership/administration-fees> for our deductions.

## INPUT TAX CREDITS

If we add GST to our administrative fee, we also allocate an [Input Tax Credit](#) (ITC) that you may be able to [claim in your tax return or Business Activity Statement](#).<sup>4</sup>

## ROYALTY WITHHOLDING TAX

For all payments other than artists' resale royalties<sup>5</sup> and infringement settlements, we normally deduct royalty withholding tax (RWHT) if you are based overseas, unless you are an Australian resident for tax purposes. These are 'pay as you go' (PAYG) deductions.<sup>6</sup> RWHT varies from 5% to 30% depending on the arrangements between Australia and the country in which you are based.

Overseas collecting societies may deduct RWHT from payments they collect for Australian content creators.

You may be entitled to offset the amount of RWHT deducted from your payment against other tax liabilities.

## RECIPIENT CREATED TAX INVOICE (RCTI)

If a payment is from a non-statutory licence scheme (that is, based on your authorisation to Copyright Agency to grant licences for your works), and you are registered with the Australian Taxation Office (ATO) for GST, then the payment summary constitutes a [recipient created tax invoice](#) (RCTI).

## OUR DOCUMENTATION TO YOU

Our payments are accompanied by a [payment summary](#) and a [payment spreadsheet](#). Our website includes guides to each.<sup>7</sup> Among other things, they show GST, RWHT and ITC.

## SHARING PAYMENTS WITH OTHERS

You may be required to share a payment from us with one or more others (secondary recipients). In accounting to secondary recipients, remember:

- if our payment to you includes GST, your payment to a secondary recipient should include GST unless the recipient is not registered for GST;
- you should inform secondary recipients of their share of any:
  - ITCs; and
  - amounts withheld by us for tax;
- the GST and ITCs should be accounted for in your Business Activity Statement; and
- you may need advice about:
  - GST and ITCs;
  - withholding amounts for tax for people who do not have an ABN; and
  - any amounts you may be able to claim in your tax returns.

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<sup>4</sup> See <https://www.ato.gov.au/Business/GST/Claiming-GST-credits>.

<sup>5</sup> A resale royalty is not a "royalty" for the purposes of the Australian income tax laws.

<sup>6</sup> See <https://www.ato.gov.au/Individuals/International-tax-for-individuals/In-detail/Australian-income-of-foreign-residents/Withholding-from-royalties-paid-to-foreign-residents>.

<sup>7</sup> <http://copyright.com.au/membership/payments/your-payment-summary>

<http://copyright.com.au/membership/payments/your-payment-summary/your-payment-spreadsheet/>