

TAX ON PAYMENTS FROM COPYRIGHT AGENCY

February 2018

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), Pay As You Go (PAYG) and Royalty Withholding Tax (RWHT). The adjustments depend on:

- the source of the payment;
- your GST status;
- whether you have an Australian Business Number (ABN); and
- where you are resident for tax purposes.¹

Payment source	Description	GST on payment ²	GST on admin fee ³	PAYG ⁴
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	✓	x
‘voluntary’ 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	x	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	✓

¹ You may need advice from your account or financial adviser about the taxation implications.

² Provided you have told us that you are registered for GST.

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

⁴ We deduct PAYG unless you:

- have provided an Australian Business Number (ABN); or
- have provided a Statement by Supplier saying you an individual or ‘natural person’ for whom writing or creating images is a private recreational pursuit or hobby; or
- are an overseas resident.

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.

ROYALTY WITHHOLDING TAX

For all payments other than artists' resale royalties⁵, we normally deduct royalty withholding tax (RWHT) if you are based overseas, unless you are an Australian resident for tax purposes.

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.

OUR DOCUMENTATION TO YOU

Our payments are accompanied by:

- a payment summary; and
- a payment spreadsheet.

They show GST, PAYG, RWHT and ITC. Our website includes guides to each.⁶

RECIPIENT CREATED TAX INVOICE (RCTI)

If the payment summary is for payments from a 'voluntary' 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 the Goods and Services Tax (GST), then the payment summary constitutes a recipient created tax invoice (RCTI).

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 advise secondary recipients of their share of:
 - the ITCs;
 - any PAYG deducted by us; and
 - any RWHT deducted by us;
- you may need to deduct PAYG from any payments to secondary recipients who do not have an ABN;
- the GST and ITCs should be accounted for in your Business Activity Statement;
- any PAYG not deducted from payments to secondary recipients may be used to reduce your tax liabilities; and
- you may be able to use the RWHT balance to reduce your tax liabilities.

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

⁶ <http://copyright.com.au/membership/payments/your-payment-summary>

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