In broad terms, “Royalty” includes any amounts paid or credited as consideration for:

- The use of, or the right to use any:
  - copyright;
  - patent;
  - design or model;
  - plan;
  - secret formula or process;
  - trade-mark;
  - other like property or right; or
  - industrial, commercial or scientific equipment;

- the supply of scientific, technical, industrial or commercial knowledge or information ('know how');

- the supply of any assistance in relation to the application or enjoyment of, any such property or right as is mentioned above;

- the reception of, or the right to receive, visual images or sounds, transmitted to the public by:
  - (i) satellite; or
  - (ii) cable, optic fibre or similar technology;

- the use in connection with television broadcasting or radio broadcasting, or the right to use in connection with television broadcasting or radio broadcasting, visual images or sounds, or both, transmitted by:
  - (i) satellite; or
  - (ii) cable, optic fibre or similar technology;

- the use of, or the right to use:
  - (i) motion picture films
  - (ii) films or video tapes for use in connection with television
  - (iii) tapes for use in connection with radio;

a total or partial forbearance in respect of the use of, or the granting of the right to use, any such property or right as is mentioned above.
Payments by a non-resident to the University under an agreement may impose tax obligations on the University. When executing agreements resulting in payments from non-residents the following must be considered:

- Australia’s domestic taxation laws;
- the taxation laws of the foreign country; and
- the Double Tax Agreement between Australia and the relevant foreign country.

**Tax Obligations**

The performance of obligations under an agreement may create a physical presence in the foreign country. Where the University has a physical presence in the foreign country, the University may be subject to taxation in that foreign country. Generally, the payment of foreign tax will give rise to an income tax credit in Australia. However, as the University is exempt from taxation in Australia the income tax credit is of no use to the University.

Where the University is subject to taxation in a foreign country, the University may be required to lodge documents and income tax returns with the foreign tax authorities. It should be noted that all income types have to be included (including royalties).

**Withholding Tax**

The taxation legislation of many foreign countries contains withholding tax provisions similar to the Australian system. The non-resident in the foreign country may be required to withhold and remit to the foreign tax authorities withholding tax in respect of interest, royalties and dividends paid to the University.

Withholding tax paid overseas by the University will generally give rise to a credit in Australia for the foreign tax paid. However, the income tax credit is of no benefit to the University given our tax exempt status in Australia.

Generally, the obligation to withhold and remit tax rests with the payer of the interest, royalty or dividend.

The rate of withholding tax is determined in accordance with the provisions of the relevant Double Tax Agreement.

In some countries withholding tax is applied to payments other than interest, royalties or dividends. These withholding taxes may not be a final tax and the University may continue to be liable for income taxation in the foreign country (e.g., Malaysia).

In some countries that the University is subject to taxation, the University may be entitled to a credit to offset against the Universities tax liability for the amount of withholding tax paid.