

Inventory of Barriers to Trade In Services

Country: AUSTRALIA

Reference Number: AST- 1

Suppliers Affected: ALL

Source: memo EPT-0306

Canadian Source: YES

Canadian Negotiating Priority: N/A

Status: Active

Created: 15/12/88

Last Updated: 18/01/89

Barrier Type:

TOC TAXES AND OTHER CHARGES

Sector:

772 COMPUTER AND OTHER BUSINESS SERVICES DIVISION
- COMPUTER AND RELATED SERVICES

Detailed Description:

Australia has a high import duty on computer programs as well as significant customs delays. There is taxation of licence fees and royalties to foreign suppliers of software.

Australian income tax legislation contains an extended definition of the term royalty or royalties. The term embraces a wide variety of payments by a resident to a non-resident, or by a non-resident to another non-resident, if the payment is an expense of a business conducted by the non-resident through a permanent establishment in Australia.

In general, the definition also includes inter-company charges by way of management fees, service fees, technical assistance fees and development expenses charged to an Australian company by its overseas affiliates.

Such payments are deemed to have an Australian source and would create an income tax liability to the recipient company if there is a profit element in the charge or if the Commissioner of Taxation cannot be persuaded that the charges are made only to recover a