

prospects of such litigation increases. Companies will be well advised to consider whether they have clearly defined the rights and obligations of their employees and contractors, both during and after

employment or engagement. Generally, properly drafted employment or consultancy agreements can avoid the difficulties that may otherwise arise, and ensure that companies comply with all their legal obligations, at

relatively little expense.

The full text of Mr. Peter Leonard's paper can be obtained from the author at Sly and Weigall.

COMPUTER SOFTWARE SALES TAX CHANGES

The Federal Government has announced that there will be changes to the sales tax legislation as it applies to computer software in the near future. It was originally anticipated that the amendments would be announced in the 1988-89 Budget but to date no amendments have been introduced.

There are two proposals. Firstly that computer software developed for sale or licensing to single users will not be subject to sales tax. However software developed for sale or licensing to multiple users will remain taxable. Secondly, the

government intends to impose sales tax on computer software which is delivered by means of electronic transfer.

It is likely that the proposed changes will go considerably further than the statement contained in the Budget papers. For example, will the amendments excluding single user software, cover charges for work done by suppliers of packaged software for modification and customisation?

Any amendments imposing sales tax on software distributed electronically may also catch software

downloaded into a computer prior to sale or software downloaded at the clients premises. In situations where data and software are regularly transferred between separate corporate entities being part of one group, the amendments may give rise to some anomalies.

A more detailed analysis of the sales tax proposals will be published in a subsequent edition of the Newsletter. At this time there may be a clearer indication as to the direction in which the Federal Government wishes to move.
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