

investment. However, some aspects of copyright, which apply to traditional works of literature might not be appropriate for software. An example is the period of protection – life of author plus fifty years.

Software is essential to modern commerce and industry. It is important that the form of intellectual property protection Australia has, for the long term, ensures

ready availability of software products as well as a just reward for producers.

Members of the CLRC are appointed on a personal basis for their knowledge and experience of copyright. The CLRC has current knowledge and experience of copyright. The CLRC has current knowledge of the software industry as a result of its recently completed inquiry into the importation

provisions of the Copyright Act 1968. This experience will be complemented by further appointments of people with particular expertise in computer software."

We will monitor the progress of the Committee and bring you updates following any interim reports.

*The Editors*

## Sales Tax Treatment of Computer Software –

### A Final Resolution

In our September Newsletter we promised to bring you more details on the computer software sales tax legislation introduced into parliament on 3 November (to take effect on 4 November).

Briefly, it was intended that software developed for a single user (ie. customized software) would not be liable for sales tax although software sales tax would still apply to software developed for multiple users (provided the non-custom portion of the program exceeded 20%). The second area of intended change was the electronic transfer of computer software which was to be subject to sales tax.

However on 22 December last year, the Treasurer announced that the Bills before the Senate would not adequately address the

problem associated with applying sales tax to computer software and accordingly the government proposed to remove sales tax liability for all computer software. The Treasurer's statement reads "the Government proposes to remove sales tax liability for all computer software. Computer hardware, including storage media, will remain taxable. As a result of the exemption of software from sales tax, those goods such as computer hardware, discs, tapes and other taxable materials that are now exempt from sales tax when used by software creators will not longer qualify for exemption."

The Government intends to introduce amending legislation in early 1989. Consequently the existing law prior to the introduction

of the Bill applies until 22 December 1988. The Taxation Office will not seek to collect tax on the sale or licencing of computer software from that date. It is therefore not necessary for manufacturers and wholesalers of computer software to charge tax on software sold or licenced on or after 23 December 1988. Where sales tax has been paid on software, including electronic transfer, under the 3 November 1988 proposed amendments, refunds will be given by the Taxation Office.

The carrying medium on which the software is embodied remains taxable as do other materials used in the development and production of computer software.

*Elizabeth Broderick*