



Notice of Withdrawal

Draft Taxation Ruling

Income tax: royalties – character of receipts in respect of software

Draft Taxation Ruling TR 2021/D4 is withdrawn with effect from today.

1. TR 2021/D4, which issued on 30 July 2021, explains the Commissioner's preliminary view on when receipts from the licensing and distribution of software will be royalties as defined in subsection 6(1) of the *Income Tax Assessment 1936*.
2. TR 2021/D4 has been replaced by TR 2024/D1 *Income tax: royalties – character of payments in respect of software and intellectual property rights*, which issued today. TR 2024/D1 elaborates on the view expressed in TR 2021/D4 by providing further clarity on the:
 - interaction between the domestic law and tax treaty definition of royalty
 - interpretation and application of the *Copyright Act 1968*
 - apportionment of payments
 - impact on different software distribution models, including software as a service.
3. Given the previous concerns raised by industry stakeholders in respect of TR 2021/D4, and to allow a further opportunity for feedback, a decision was made to reissue TR 2021/D4 as an updated draft for public consultation.

Commissioner of Taxation
17 January 2024

ATO references

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