


IT 151 - Payments to authors under the public lending rights scheme

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TAXATION RULING NO. IT 151

PAYMENTS TO AUTHORS UNDER THE PUBLIC LENDING RIGHTS
SCHEME

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO: SUBJECT REFS: LEGISLAT. REFS:

I 1100711	AUTHORS	
	ABNORMAL INCOME	DIV 16A
	PUBLIC LENDING	158C
	RIGHT SCHEME	
	RECURRENT EARNINGS	

PREAMBLE The following advice was given in regard to a question concerning the taxation treatment of payments made to authors under the Public Lending Rights Scheme.

RULING 2. Generally, payments made to an author under the Public Lending Rights Scheme will be assessable income of the author. However, such payments to an author will fall within the definition of recurrent earnings in Division 16A of Part III of the Income Tax Assessment Act and an author may, therefore, depending on the amount he receives under the scheme in a particular income year and depending on his income, if any, from other sources in that year, qualify to have his earnings for that year taxed at concessional rates of tax, i.e., to have his tax calculated on his taxable income for the year at the average rate of tax applicable to an income (called the notional income) of a lower amount than his taxable income.

3. To qualify under Division 16A for concessional rates of tax to be applied in his assessment for an income year an author would need to have derived in that year income falling within the definition of abnormal income in Division 16A, to be a person to whom the averaging provisions applicable to primary producers do not apply and to have made an application to the Commissioner of Taxation for a determination under that Division. Abnormal income is defined in Division 16A, in effect, meaning:

- (a) lump sum receipts for the sale of rights etc.; and
- (b) so much of the recurrent earnings as exceeds:
 - (i) one-third of the sum of the amounts of recurrent earnings derived over the three income years prior to the year of income; or
 - (ii) \$1,000,

whichever is the greater.

4. The proposed surcharge of tax payable on taxable income from property for the 1974-75 financial year will not apply to payments made to authors under the scheme, as such income would be treated, for taxation purposes, as the proceeds of a business carried on by the taxpayer and would thus fall within the definition of income from personal exertion.

COMMISSIONER OF TAXATION