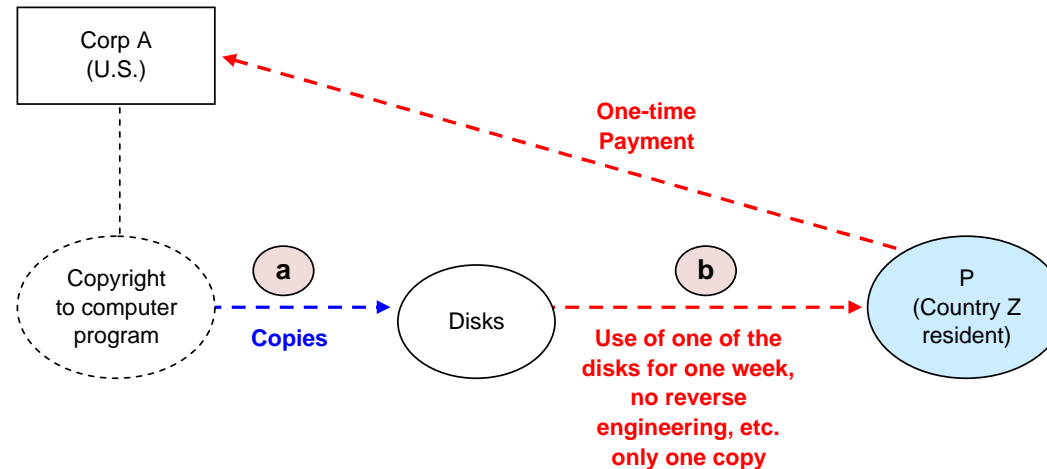


## Reg. 1.861-18(h), Example 3

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### Use of Computer Disk for 1 Week Treated as Lease of Copyrighted Article



Corp A, a U.S. corporation, owns the copyright in a computer program, Program X. It copies Program X onto discs. Corp A allows P, a Country Z resident, to use Program X for only one week. At the end of that week, P must return the disk with Program X on it to Corp A. P must also destroy any copies made of Program X. If P wishes to use Program X for a further period he must enter into a new agreement to use the program for an additional charge.

P has received no copyright rights. Taking into account all of the facts and circumstances, P is not properly treated as the owner of a copyrighted article. Therefore, there has been a lease of a copyrighted article rather than a sale. Taking into account the special characteristics of computer programs, the result would be the same if P were required to destroy the disk at the end of the one week period instead of returning it since Corp A can make additional copies of the program at minimal cost.