UW POLICIES

UW Administrative Policy Statements on Royalties

Read [UW's policy statement on License Revenue](#).

UW C4C Distribution Information

Revenue received by the UW Center for Commercialization (C4C) is distributed to various stakeholders in accordance with contractual obligations and university policies. These stakeholders include inventors and developers, departments, laboratories, colleges and schools, university research funds and joint rights holders. C4C retains an administrative fee and recovers certain expenses prior to distributions. A link to the C4C Royalty Distribution Formulas is listed below. C4C has developed a number of innovative programs for faculty to support ongoing projects with their Royalty Distributions like Waiver/Match and Project Budgets. Additional information is provided here: [UW Center for Commercialization Royalty Distribution Formulas](#)

Waiver/Match Program
In the Waiver/Match program faculty can choose to reinvest a portion of personal royalty earnings from a licensed technology back into their own or another UW research laboratory or program. These waived funds, upon approval, will then be matched by the University.

- Waiver/Match Procedure
- Waiver/Match Form

Project Budgets
Project Budgets is a program developed by the C4C for copyright and informatics based research projects whose intellectual property is being managed by the C4C. A Project Budget reinvests licensing earnings back into the project to fund, for example, maintenance of software or databases, continued development of research tools or the purchase of capital equipment. Investigators can participate in the program for any length of time, and at the start of each fiscal year can opt to discontinue participation. Project Budgets are negotiated with your C4C Technology Manager.

Tax Treatment for Royalties

**Royalty Payments for Patent or Patent Applications**
Royalty payments made to inventors under the University of Washington Royalty Distribution policy will be reported on a Form 1099-Misc as "Royalties". Inventors may be able to obtain
capital gains treatment for this income under Internal Revenue Code section 1235. The IRS issued a Technical Advice Memorandum, TAM 200249002 addressing this issue. A copy of the memorandum may be found at the website below:


Each individual is responsible for making his/her own determination regarding this tax treatment. The University of Washington does not offer tax advice on the reporting of such amounts on any relevant tax filings; therefore, we encourage you to consult a tax advisor.

Payments to inventors who are non-resident aliens will be reported on Form 1042-S as "Royalties".

**Royalty Payments for Copyrighted Material**
Payments for copyrighted material that is owned by the University and was not created as part of the employment contract (not "Work for hire") will be reported on a 1099-Misc as "Royalties".

Each individual is responsible for making his/her own determination regarding the tax treatment. The University of Washington does not offer tax advice on the reporting of such amounts on any relevant tax filings; therefore, we encourage you to consult a tax advisor.

These types of payments made to non-resident aliens will be reported on a Form 1042-S as "Royalties".