



S.O Oloruntimehin & Co.



You Tube

Nigerian YouTube Creators to Pay Taxes to the US

YouTube to deduct taxes from non-US creators



www.sooruntimehin.com



S.O. Oloruntimehin & Co.



SO Oloruntimehin & Co



[sooloruntimehin](https://www.instagram.com/sooloruntimehin)



[sooloruntimehin](https://twitter.com/sooloruntimehin)

YouTube, the Google-owned company, has released a statement requiring all creators in the YouTube Partner Program (YPP) to submit their tax information to Google. Google stated that it has a responsibility under Chapter 3 of the United States (US) Internal Revenue Code to collect tax information, withhold taxes and report to the US Internal Revenue Service when a YPP creator on YouTube earns royalty revenue from viewers in the US.

Based on this, Google may begin withholding United States of America (US) taxes from YouTube earnings generated from viewers in the US by creators located outside the US, starting from June 2021. YouTube creators are required to submit relevant tax information in Google AdSense as soon as possible so as to determine the correct amount of taxes to deduct. The deadline for submission of tax information is 31 May 2021. If the tax information of any creator is not provided by 31 May 2021, Google may be required to deduct up to 24% of the defaulting creator's total earnings worldwide.

In this regard, earnings from viewers in the US through ad views, YouTube Premium, Super Chat, Super Stickers and Channel Memberships will be taxable. The Terms of Service for creators outside the US (payees) will also be updated with details of when earnings from YouTube will be considered royalties from a US tax perspective.

The tax deductions are primarily based on three major factors:

1. **Revenue generated from viewers in the US:**

Every YPP creator, regardless of their location, is required to provide US tax information to Google. Under US tax law, Google is required to deduct taxes from the YouTube earnings from US viewers, if applicable. The tax withholding requirements can differ depending on the creator's country of residence, whether the creator is eligible to claim tax treaty benefits, and whether the creator identifies as an individual or a business.

2. **Tax Treaty**

The existence of a bilateral or multilateral tax treaty between the US and country of residence of the YPP creator is also a major determinant. There is a reduced tax rate where a tax treaty relationship is present (15%) and a higher tax rate where absent (30%). Nigeria does not currently have a tax treaty with the United States of America.

3. **Tax Information**

Failure of any YPP creator to submit its tax information would attract the maximum tax rate of 24% which will be deducted from the US earnings of such defaulting YPP creator.

The withholding tax rate will depend on the AdSense account type and country of residence of the YPP creator:

- a. **Business account type:** The default withholding tax rate will be 30% of US earnings if the payee is outside of the US and there is no tax treaty relationship. Where there is a tax treaty relationship between the US and country of residence of the creator, there is a reduced tax rate of 15% of earnings from viewers in the US. Businesses in the US will be subject to 24% withholding tax on total earnings worldwide.
- b. **Individual account type:** Backup withholding will apply and 24% of total earnings worldwide will be withheld.

The absence of a tax treaty between the United States of America and Nigeria means that the applicable tax rate, for instances where the payee's country of residence does not have a tax treaty with the US, 30% of earnings from viewers in the US, will be deducted.

Currently, a significant proportion of the earnings of Nigerian creators come from viewers in the US. Therefore, this new requirement will materially impact most Nigerian creators who rely on the Youtube Partner Program as a source of income.

YouTube Creators in Nigeria looking for more information on this recent development can go through this support article by YouTube which includes frequently asked questions on this topic.