

SCREEN PRODUCTION INCENTIVES IN AUSTRALIA

Updated October 2015



CONNECTING FILMMAKERS WORLDWIDE TO AUSTRALIA



INCENTIVES OVERVIEW

40% PRODUCER OFFSET (FEATURE)

Provides a rebate at 40% of Qualifying Australian Production Expenditure (QAPE). Significant Australian Content (SAC) is required. Applies to feature films that have a minimum QAPE spend of A\$500,000.

30% POST, DIGITAL & VISUAL EFFECTS OFFSET

Rebate of 30% calculated on qualifying post, digital and visual effects production (PDV) expenditure. Applies to feature films, telemovies or television mini-series or series. The production must have a total PDV related QAPE of at least A\$500,000. The production does not need to be filmed in Australia.

20% PRODUCER OFFSET (TV)

Provides a rebate at 20% of QAPE. Significant Australian Content (SAC) is required. Applies to TV drama, documentary and short form animation.

16.5% LOCATION OFFSET

Rebate of 16.5% calculated on Qualifying Australian Production Expenditure (QAPE). Applies to feature films, telemovies or television mini-series or series. Feature films must have a minimum spend of A\$15m of QAPE. Television series requires an average QAPE of A\$1m per hour.

40%

PRODUCER OFFSET-FEATURE

POST, DIGITAL AND VISUAL EFFECTS OFFSET 30%

20% PRODUCER OFFSET-TV

16.5% LOCATION OFFSET

AUSTRALIAN SCREEN PRODUCTION INCENTIVES

AUSFILM - CONNECTING FILMMAKERS WORLDWIDE TO AUSTRALIA

Ausfilm promotes Australia's incentive schemes, locations and capabilities worldwide to assist international screen producers to make their productions in Australia.

Ausfilm is an Australian industry-government partnership. It comprises Australia's federal and state governments, the major studios and the leading post and digital effects facilities and production service providers.

These quick facts provide a general overview of Australia's screen production incentives for international productions and productions qualifying as Australian.

These incentives are tax based and provide a cash rebate to the producer on Qualifying Australian Production Expenditure (QAPE).

The incentives are:

40% Producer Offset (features)

30% PDV Offset

20% Producer Offset (Television)

16.5% Location Offset

Official Co-productions are eligible for the Producer Offset.

INCENTIVES OVERVIEW

- There is no cap or sunset clause on the incentives.
- The incentives are a cash rebate paid to the producer.
- The incentives can be combined with state, territory and local government incentives.
- A producer may access only one of the Australian government offsets for each eligible project.
- Payment is usually made in 4 weeks from lodgement with the Australian Taxation Office.
- Productions which have been certified as an official co-production are eligible to claim the Producer Offset. (See Screen Australia Official Co-production Guidelines factsheet on ausfilm.com)
- Eligibility criteria applying to each offset are set out under the relevant incentive factsheet.



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Australian Government

Ausfilm is supported
by financial assistance from
the Australian Government



STATE BASED INCENTIVES

The Australian states, territories and local governments each have a screen production agency that provides incentives in addition to the Australian Government incentives above.

You should contact each agency to discuss your project:

FILM VICTORIA

www.film.vic.gov.au
sue.edwards@film.vic.gov.au
+61 3 9660 3200

SCREEN NEW SOUTH WALES

www.screen.nsw.gov.au
production@screen.nsw.gov.au
+61 2 9995 0555

SCREEN QUEENSLAND

www.screenqueensland.com.au
gblack@screenqld.com.au
T +61 7 3248 0500

SCREENWEST

www.screenwest.com.au
adam.smith@screenwest.wa.gov.au
+61 8 6552 7700

SOUTH AUSTRALIAN FILM COMMISSION

www.safilm.com.au
michelle.krumm@safilm.com.au
+61 8 8394 2000

CITY OF GOLD COAST

www.filmgoldcoast.com
crowsell@goldcoast.qld.gov.au
+61 7 5581 7269

SCREEN TERRITORY

www.screenterritory.nt.gov.au
Screen.territory@nt.gov.au
+61 8 89515141

SCREEN TASMANIA

www.screentasmmania.com
info@screen.tas.gov.au
+61 3 6165 5070

SCREEN ACT

www.screenact.com.au
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PRODUCER OFFSET

THE PRODUCER OFFSET PROVIDES A REBATE ON QUALIFYING AUSTRALIAN PRODUCTION EXPENDITURE (QAPE) OF:

- 40% for theatrically released feature films, including documentary, animation and IMAX;
- 20% for single episode dramas and documentary (including features released only on DVD or on-line), television drama or documentary series/seasons and short form animation.

BENEFITS

- There is no cap or sunset clause on the incentives.
- The incentives are a cash rebate paid to the producer.
- The incentives can be combined with state and territory government incentives.
- Payment is usually made in 4 weeks from lodgement with the Australian Taxation Office (ATO).

PLEASE NOTE

- A producer may access only one of the Australian Government incentives for each eligible project.
- Immigration regulations apply to importing cast and crew, see Ausfilm Quick Facts - Immigration on ausfilm.com.

WHAT PRODUCTIONS ARE ELIGIBLE?

To be eligible for the Producer Offset the productions must:

- demonstrate Significant Australian Content (SAC), (see SAC below); and
- meet minimum expenditure thresholds relevant to the type of production (see table on next page);
- meet requirements for commercial broadcast/exhibition/distribution;
- meet minimum format lengths (eg. 60 minutes for a feature film, one commercial hour for single episode non-documentary, one commercial half hour for a single documentary, one quarter hour for animation, 45 minutes for IMAX, at least two episodes for a series or season).

Official co-productions are eligible for the Producer Offset.

WHAT IS PRODUCER OFFSET RELATED QAPE?

Producer Offset QAPE generally covers the production expenditure for the film or television program in relation to:

- Goods and services provided in Australia;
- The use of land in Australia;
- The use of goods in Australia at the time they are used in making the film;
- Where the subject matter of a film reasonably requires the foreign location, expenditure in a foreign country on goods and services supplied by, or for Australian residents, only during principal photography, may be claimed as QAPE.

HOW IS SIGNIFICANT AUSTRALIAN CONTENT (SAC) ASSESSED?

Screen Australia will determine whether a film satisfies the SAC test. Screen Australia has published detailed guidance on the SAC test: www.screenaustralia.gov.au/producer_offset/

Screen Australia has regard to the following in assessing whether a production meets the SAC test:

- The subject matter of the film;
- The place where the film was made;
- The nationalities and places of residence of key creative personnel and other persons who took part in making the film (including producers, directors, authors, scriptwriters, composers, actors, editors, directors of photography, production designers, film technicians and others);
- The details of the production expenditure incurred in respect of the film; and
- Any other matters that Screen Australia considers to be relevant.

PRODUCER OFFSET CONTINUED

WHAT ARE THE MINIMUM LEVELS OF QAPE REQUIRED FOR DIFFERENT FORMATS?

FORMAT	MINIMUM TOTAL QAPE	MINIMUM QAPE PER HOUR
Feature film	\$500,000	N/A
Single-episode drama	\$500,000	N/A
Series/Season of a series drama	\$1 million	\$500,000
Documentary (single-episode or series)	\$500,000	\$250,000
Short-form animation	\$250,000	\$1 million

WHAT ARE THE MINIMUM FORMAT LENGTHS

- Sixty minutes for a feature film.
- Forty five minutes for IMAX.
- One commercial hour for single episode non-documentary.
- One quarter hour for animation.
- At least two episodes for a television series or season.

WHO MAY APPLY?

- Applicants for an offset must be an Australian company, or a non-resident company with a permanent establishment in Australia and an Australian Business Number (ABN); and
- The applicant company must have either carried out, or made the arrangements for the carrying out of all the activities necessary for making the production.

WHO ADMINISTERS THE OFFSETS?

The Producer Offset is administered by:

SCREEN AUSTRALIA

Producer Offset and Co-production Unit
+ 61 2 8113 5800
pocu@screenaustralia.gov.au
www.screenaustralia.gov.au

WHEN CAN I APPLY FOR AN ASSESSMENT OF QAPE?

PROVISIONAL QAPE CERTIFICATION (OPTIONAL)

A company may apply to Screen Australia for a provisional certificate before or during production. While not providing a guarantee of final certification, it can assist in identifying expenditure likely to be counted as QAPE and provide guidance on whether a project will qualify for the offset.

Provisional certificates are usually requested at an advanced stage of financing when budgets, QAPE spread sheets and the necessary supporting information is available.

FINAL QAPE CERTIFICATION (COMPULSORY)

Final certification determines eligibility for payment of the tax offset. Producers need to apply to Screen Australia after the film has been completed and after QAPE has ceased being incurred.

Expenditure will be assessed against the QAPE criteria, and the actual amount of QAPE for the production will be calculated by Screen Australia.

HOW DO I CLAIM THE OFFSET?

Once Screen Australia has issued a Final Certificate, it must be provided to the Australian Taxation Office (ATO) with the claimant company's tax return at the end of the financial year in which the production is completed.

The ATO will provide a refund of a tax offset where the amount exceeds the amount of any existing tax liabilities owed by the applicant company.

DISCLAIMER

You should seek independent, professional legal, financial and accounting advice if you are intending to apply for any of the Australian Screen Production Incentives.

LOCATION OFFSET

THE LOCATION OFFSET PROVIDES A 16.5% REBATE CALCULATED ON QUALIFYING AUSTRALIAN PRODUCTION EXPENDITURE (QAPE).

BENEFITS

- There is no cap or sunset clause on the incentives.
- The incentives are a cash rebate paid to the producer.
- The incentives can be combined with state, territory and local government incentives.
- Payment is usually made in 4 weeks from lodgement with the Australian Taxation Office (ATO).
- No cultural or content tests.

PLEASE NOTE

- A producer may access only one of the Australian Government incentives for each eligible project.
- Immigration regulations apply to importing cast and crew, see Ausfilm Quick Facts - Immigration on ausfilm.com.

WHAT PRODUCTIONS ARE ELIGIBLE?

- Eligible formats include feature films, telemovies, television series (including documentary, reality, animation) for:
- Films with a minimum total QAPE of A\$15 million.
- In addition for television series there must be an average QAPE of A\$1 million per hour of the finished production.

WHAT IS LOCATION OFFSET QAPE?

Location Offset QAPE generally covers the production expenditure for the film or television program in relation to:

- Goods and services provided in Australia, including cast and crew;
- The use of land in Australia;
- The use of goods in Australia at the time they are used in making the film or program.

WHO MAY APPLY?

- Applicants for a Location Offset must be an Australian resident company, or, a foreign company with an Australian Business Number (ABN) that is operating with a permanent establishment in Australia; and
- The applicant must be the company that is responsible for all the activities involved in making the film in Australia.

WHO ADMINISTERS THE OFFSETS?

The Location and PDV Offsets are administered by the Ministry for the Arts.

+ 61 2 6141 4383

filmenquiries@arts.gov.au

www.arts.gov.au/film-tv/australian-screen-production-incentive

WHEN CAN I APPLY FOR AN ASSESSMENT OF QAPE?

PROVISIONAL QAPE CERTIFICATION (OPTIONAL)

A company may apply for a provisional certificate of QAPE before or during production. While not providing a guarantee of final certification, it can assist in identifying expenditure likely to be counted as QAPE and provide guidance on whether a project will qualify for the offset.

Provisional certificates are usually requested at an advanced stage of financing when budgets, QAPE spread sheets and the necessary supporting information is available.

FINAL QAPE CERTIFICATION (COMPULSORY)

Final certification determines eligibility for payment of the tax offset.

Producers need to apply to Ministry for the Arts for Final Certification when QAPE ceases to be incurred.

HOW DO I CLAIM THE OFFSET?

The Final Certificate is provided to the Australian Taxation Office (ATO) with the claimant company's tax return at the end of the financial year in which the production is completed or QAPE has ceased being incurred.

The ATO will provide a refund of a tax offset where the amount exceeds the amount of any existing tax liabilities owed by the applicant company.

DISCLAIMER

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POST, DIGITAL AND VISUAL EFFECTS (PDV) OFFSET

THE PDV OFFSET PROVIDES A 30% REBATE CALCULATED ON QUALIFYING AUSTRALIAN PRODUCTION EXPENDITURE (QAPE) OF AT LEAST A\$500,000.

BENEFITS

- There is no cap or sunset clause on the incentives.
- The incentives are a cash rebate paid to the producer.
- The incentives can be combined with State and Territory government incentives.
- Payment is usually made in 4 weeks from lodgement with the Australian Taxation Office (ATO).
- No cultural or content tests.

PLEASE NOTE

- A producer may access only one of the Australian Government incentives for each eligible project.
- Immigration regulations apply to importing cast and crew, see Ausfilm Quick Facts- Immigration on ausfilm.com.

WHAT PRODUCTIONS ARE ELIGIBLE?

Eligible formats include feature films, telemovies, miniseries, television series (including documentary, reality, animation and live action).

Productions do not need to be filmed in Australia.

WHAT IS PDV OFFSET QAPE?

PDV QAPE relates to expenditure on goods and services provided in Australia and the use of goods in Australia at the time they are used in making the production, to the extent that this expenditure relates to:

- creation of audio or visual effects;
- editing and mixing of audio and visual effects;
- activities that are reasonably related to these activities; and
- includes salaries, per diems and travel for PDV related staff and crew, as well as rental of relevant facilities and equipment. (If non-cast personnel enter Australia to work on the film they need to be employed for at least two consecutive calendar weeks to be included as QAPE.)

WHO MAY APPLY?

- Applicants for an offset must be an Australian company, or a non-resident company with a permanent establishment in Australia and an Australian Business Number (ABN); and
- The applicant must be responsible for all the activities that were necessary for PDV production in Australia.

CAN THE PDV WORK BE DIVIDED BETWEEN SERVICE PROVIDERS?

The PDV work may be divided into packages of work for different PDV facilities or may all be performed at one facility provided the minimum value of QAPE is A\$500,000 and the QAPE is claimed by the company responsible for all the activities.

The PDV Final Certification (see below) applies to the PDV work as a whole after all the packages of work are completed.

N.B For applicants who are also the service provider please keep in mind that in cases where the applicant company is also the company which carries out PDV work or subcontracts the PDV work to other service providers in Australia, only expenditure that is incurred by the applicant is eligible as QAPE.

This means that if the applicant has undertaken all the PDV work in Australia, only its direct costs and items such as general business overheads may be eligible as QAPE.

WHO ADMINISTERS THE OFFSETS?

The PDV Offset is administered by the Ministry for the Arts.

+ 61 2 6141 4383

filmenquiries@arts.gov.au

www.arts.gov.au/film-tv/australian-screen-production-incentive



POST, DIGITAL AND VISUAL EFFECTS (PDV) OFFSET CONTINUED

WHEN CAN I APPLY FOR AN ASSESSMENT OF QAPE?

PROVISIONAL QAPE CERTIFICATION (OPTIONAL)

A company may apply for a provisional certificate of QAPE before or during production. While not providing a guarantee of final certification, it can assist in identifying expenditure likely to be counted as QAPE and provide guidance on whether a project will qualify for the offset.

Provisional certificates are usually requested at an advanced stage of financing when budgets, QAPE spread sheets and the necessary supporting information is available.

FINAL QAPE CERTIFICATION (COMPULSORY)

Final certification determines eligibility for payment of the tax offset.

Producers need to apply to The Ministry for the Arts for a Final Certificate when QAPE ceases to be incurred.

Expenditure will be assessed against the QAPE criteria, and the actual amount of QAPE for the production will be calculated by the Department.

HOW DO I CLAIM THE OFFSET?

The Final Certificate is provided to the Australian Taxation Office (ATO) with the claimant company's tax return at the end of the financial year in which the post, digital, visual effects work is completed.

The ATO will provide a refund of a tax offset where the amount exceeds the amount of any existing tax liabilities owed by the applicant company.

DISCLAIMER

You should seek independent, professional legal, financial and accounting advice if you are intending to apply for any of the Australian Screen Production Incentives.