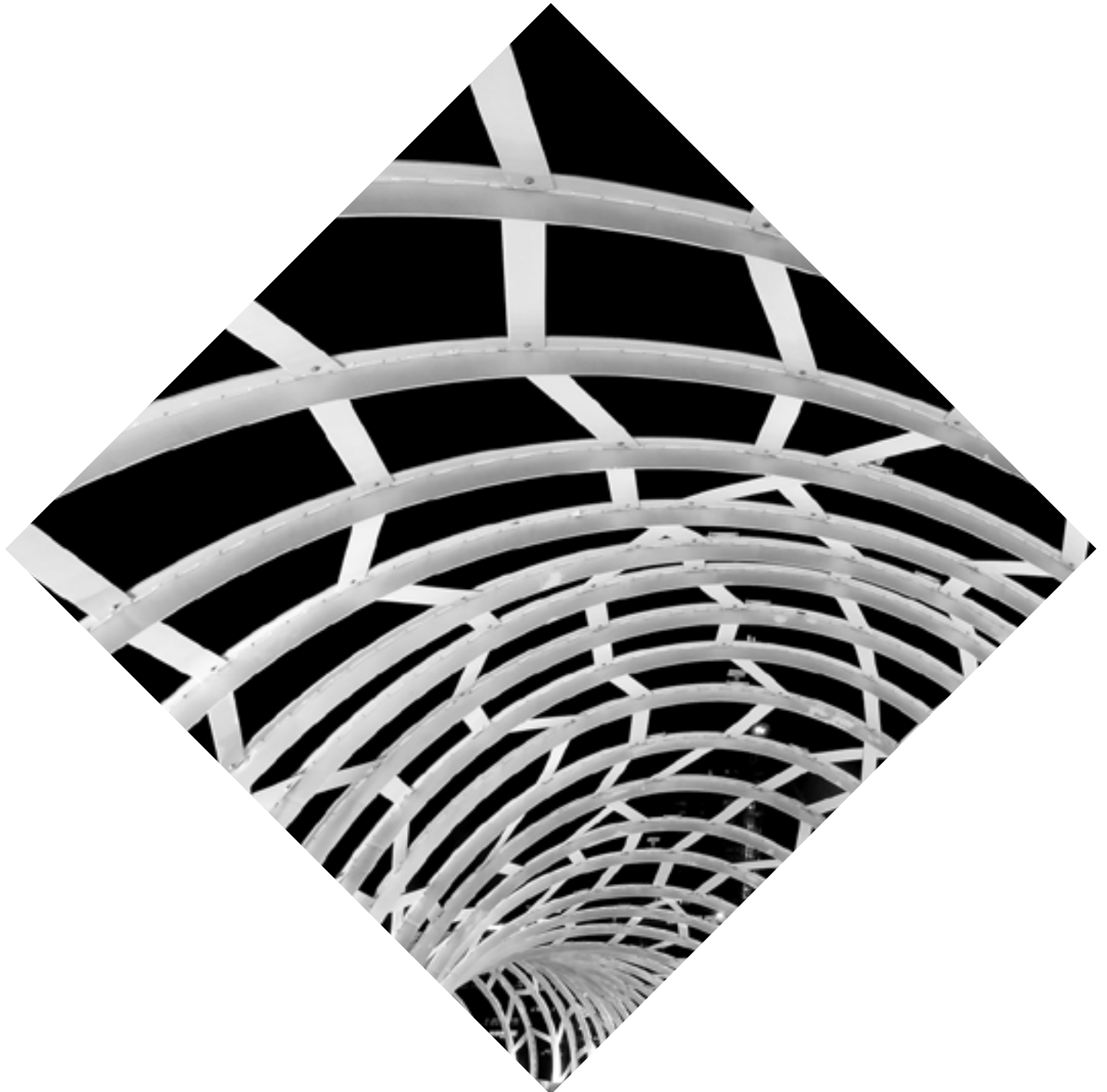
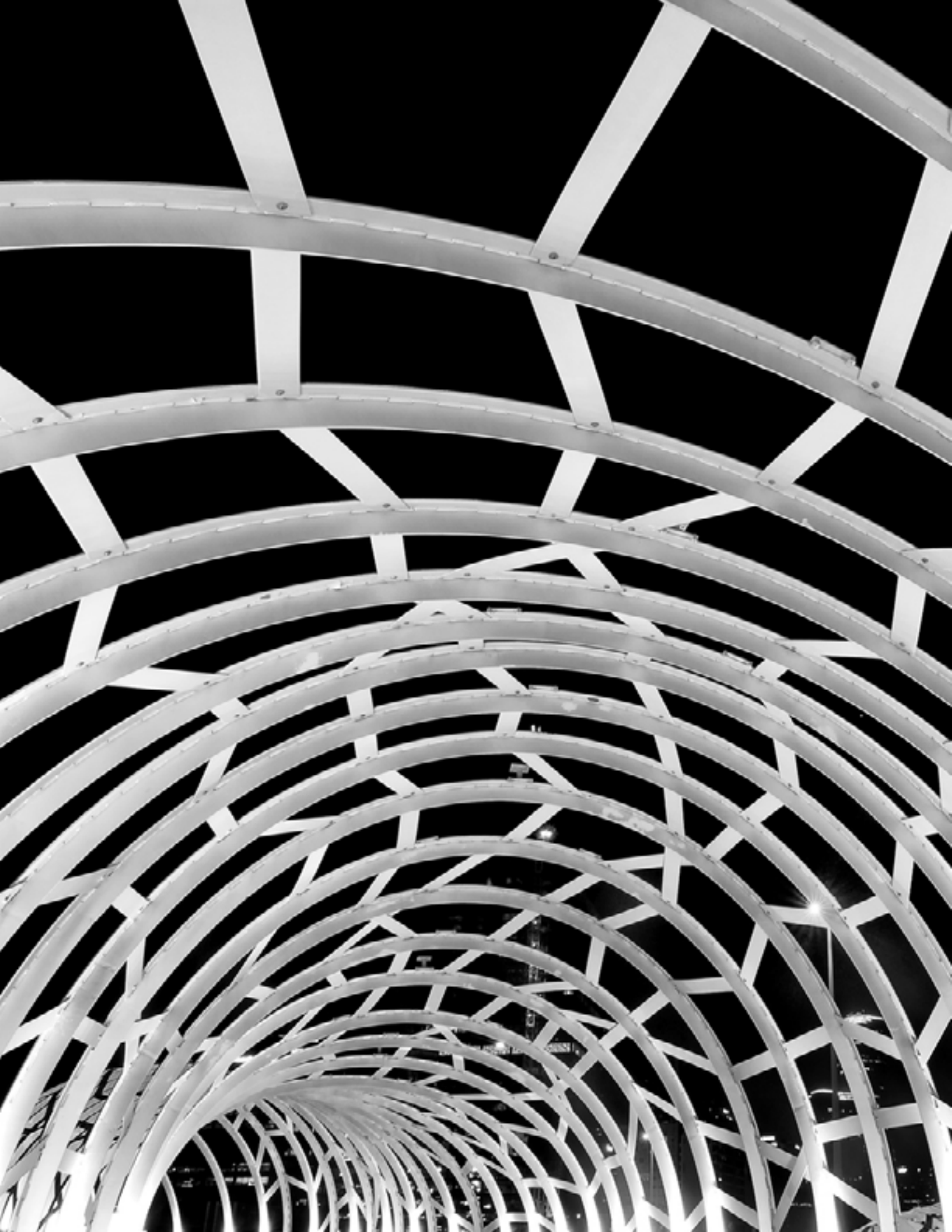


AUSFILM

SCREEN PRODUCTION INCENTIVES IN AUSTRALIA



CONNECTING FILMMAKERS WORLDWIDE TO AUSTRALIA



AUSFILM

CONNECTING FILMMAKERS WORLDWIDE TO AUSTRALIA

Ausfilm promotes Australia's federal and state government incentive programs, 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, sound 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 comprise the three offsets which are tax based and provide a cash rebate to the producer on Qualifying Australian Production Expenditure (QAPE), as well as the Location Incentive which provides merit-assessed grants.

The incentives are:

40% Producer Offset (Features)

16.5% Location Offset

13.5% Location Incentive (merit-assessed grant)

30% PDV Offset

20% Producer Offset (Television)

Official Co-productions are eligible for the Producer Offset.

INCENTIVES OVERVIEW

- There is no cap or sunset clause on the offsets.
- The offsets provide a cash rebate paid to the applicant.
- 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. However the Location Offset and Location Incentive can be combined.
- 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 www.screenaustralia.gov.au)
- Eligibility criteria applying to each incentive are set out under the relevant section in this factsheet.



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Australian Government

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AUSTRALIAN SCREEN PRODUCTION INCENTIVES

40% PRODUCER OFFSET (FEATURES)

Provides a tax 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 AUD\$500,000.

UP TO 30% LOCATION INCENTIVES

Location Offset - A tax rebate of 16.5% calculated on QAPE. Can be combined with the Location Incentive.

Location Incentive - A merit assessed grant of up to 13.5% of QAPE available for projects that meet the requirements of the Location Offset; have support from relevant state or territory governments; and use one or more Australian post, sound, music or VFX providers.

The Location Offset and Incentive are available for feature films, telemovies, television series or television mini-series. All formats must have a minimum QAPE of AUD\$15 million. Television series must also have a minimum average QAPE of AUD\$1 million per hour.

30% POST, DIGITAL & VISUAL EFFECTS OFFSET

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

20% PRODUCER OFFSET (TELEVISION)

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

40%

PRODUCER OFFSET-FEATURE

POST, DIGITAL AND VISUAL EFFECTS OFFSET 30%

PRODUCER
OFFSET-TV

13.5%

16.5%

LOCATION OFFSET

LOCATION INCENTIVE



STATE, LOCAL & TERRITORY INCENTIVES

The Australian states and territories and some local governments have a screen production agency that provides incentives and support, in addition to the Australian Government's screen production incentives.

We recommend you contact the relevant screen agency to discuss eligibility and application procedures.

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PRODUCER OFFSET

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

The Producer Offset is a refundable tax offset (rebate) and a cultural incentive. Only the Australian producers of Australian features, television and other content can receive this Offset. To be regarded Australian, the project must demonstrate it contains significant Australian content (SAC) or be an Official Treaty Co-production. The amount of the offset is determined as a percentage of the QAPE. It is:

- 40% of QAPE incurred on feature films; and
- 20% of QAPE incurred on other formats (e.g. television series, mini-series, telemovies, short form animations and non-feature single episode programs).

BENEFITS

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

PLEASE NOTE

- An applicant may access only one of the Australian Government offsets for each eligible project.
- Immigration regulations apply to importing cast and crew, see Ausfilm Factsheet - Visas & Immigration on ausfilm.com.

WHAT PRODUCTIONS ARE ELIGIBLE?

To be eligible for the Producer Offset the production must:

- Be completed;
- Demonstrate significant Australian content (SAC) or be an Official Treaty Co-production;
- Meet minimum expenditure thresholds relevant to the type of production (see table on next page);
- Meet requirements for commercial broadcast/exhibition/distribution;
- Have QAPE that meets or exceeds the relevant threshold;
- Be an eligible format length (see following page).

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.

HOW IS SIGNIFICANT AUSTRALIAN CONTENT (SAC) ASSESSED?

Screen Australia will determine whether a production has SAC based on published guidelines which have regard to:

- 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; and
- Any other matters that Screen Australia considers to be relevant.

Screen Australia has published detailed guidance on the SAC here www.screenaustralia.gov.au/producer_offset/

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 the Producer 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 CERTIFICATE?

PROVISIONAL 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 **16.5% LOCATION OFFSET** IS A REBATE CALCULATED ON QUALIFYING AUSTRALIAN PRODUCTION EXPENDITURE (QAPE).

BENEFITS

- There is no cap or sunset clause on the offset.
- The offset provides a tax rebate to the applicant.
- The offset 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

- An applicant may access only one of the Australian Government offsets for each eligible project. The Location Offset can be combined with the Location Incentive (next page).
- Immigration regulations apply to importing cast and crew, see Ausfilm Factsheet - Visas & Immigration on ausfilm.com.

WHAT PRODUCTIONS ARE ELIGIBLE?

- Eligible formats include feature films and films of a like nature, telemovies, television series (including documentary, reality, animation) and television mini-series with a minimum total QAPE of AUD\$15 million.
- Television series must also have an average QAPE of AUD\$1 million per hour of the finished production.

WHAT IS QAPE?

Location Offset and Location Incentive 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 the Location Offset or the Location Incentive 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.

WHEN CAN I APPLY FOR CERTIFICATE?

PROVISIONAL CERTIFICATION (OPTIONAL)

A company may apply 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.

Applicants for provisional certificates are usually made at an advanced stage of financing when budgets, QAPE spread sheets and the necessary supporting information is available.

FINAL CERTIFICATION (COMPULSORY)

Final certification determines eligibility for payment of the tax offset.

Producers need to apply to the Department of Communications and the Arts for final certification 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 determined by the Arts Minister.

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 where the amount of the tax offset exceeds the amount of any existing tax liabilities owed by the applicant company.

WHO ADMINISTERS THE OFFSETS?

The Location Offset is administered by the Department of Communications and the Arts.

+ 61 2 6271 1543

film enquiries@arts.gov.au

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

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 INCENTIVE

THE LOCATION INCENTIVE IS A GRANT OF UP TO 13.5% OF THE PRODUCTION'S QAPE.

- The Australian Government announced funding of AUD\$140 million over four years (\$35 million per annum) from 1 July 2019 to 30 June 2023.
- Funding may be offered up to 13.5% of the production's Qualifying Australian Production Expenditure (QAPE) and is dependent on available funds in any given financial year;
- To be eligible, the production must also be eligible for the Location Offset;
- QAPE for the Location Incentive has the same criteria as QAPE for the Location Offset.

BENEFITS

- The incentive is a merit-assessed grant.
- The incentive can be combined with state, territory and local government incentives.
- The incentive can be combined with the 16.5% Location Offset.

PLEASE NOTE

- The Location Incentive cannot be claimed along with the PDV Offset or the Producer Offset.

WHAT PRODUCTIONS ARE ELIGIBLE?

- Eligible formats include feature films and films of a like nature, telemovies, television series (including documentary, reality, animation) and television mini-series with a minimum total QAPE of AUD\$15 million.
- Television series must also have an average QAPE of AUD\$1 million per hour of the finished production.
- Productions must also have confirmed support from one or more state or territory governments (financial or in-kind);
- Productions must utilise services of one or more Australian providers of post-production, sound or music production or visual effects services.

ASSESSMENT CRITERIA

A company will need to address the following criteria in their application:

- Contribution to the Australian economy;
- Details of employment, training and skills development, including an estimate of how many Australian cast and crew, including extras, will be directly employed;
- An estimate of how many Australian businesses will be utilised as service providers;
- Details of other ways in which the production is expected to contribute to the broader Australian economy (e.g. investment into R&D in new technologies, support of tourism campaigns or promotional productions, economic activity outside of the metro areas or investment in Australian infrastructure).

HOW DO I APPLY?

Applicants must read the Location Incentive Guidelines before submitting an application: www.arts.gov.au/what-we-do/screen/australian-screen-production-incentive.

Once you have read the guidelines you can submit an application at www.screenincentives.smartygrants.com.au.

TIMING

- Assessment of applications: 6-8 weeks.
- Negotiations & award of grant agreements: 1-3 weeks.
- Notification of unsuccessful applicants: 2 weeks.
- Start and end of grant activity: by agreement with successful applicant.

WHO ADMINISTERS THE LOCATION INCENTIVE?

The Location Incentive is administered by the Department of Communications and the Arts.

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filmenquiries@arts.gov.au

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

POST, DIGITAL AND VFX (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 offset.
- The offset provides a tax rebate to the applicant.
- The offset can be combined with state and territory government incentives.
- Payment is usually made in 6-8 weeks from lodgement with the ATO.
- No cultural or content tests.

PLEASE NOTE

- A producer may access only one of the Australian Government offsets 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 and films of a like nature, telemovies, television series (including documentary, reality, animation and live action) and television miniseries.

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
- 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 the PDV 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 AUD\$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.

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 OFFSET?

The PDV Offset is administered by the Department of Communications and the Arts.

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



PDV OFFSET CONTINUED

WHEN CAN I APPLY FOR A CERTIFICATE?

PROVISIONAL CERTIFICATION (OPTIONAL)

A company may apply 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.

Applications for provisional certificates are usually made at an advanced stage of financing when budgets, QAPE spread sheets and the necessary supporting information is available.

FINAL CERTIFICATION (COMPULSORY)

Final certification determines eligibility for payment of the tax offset.

Producers should apply to the Department of Communications and 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 determined by the Arts Minister.

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, VFX 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

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METHOD STUDIOS



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