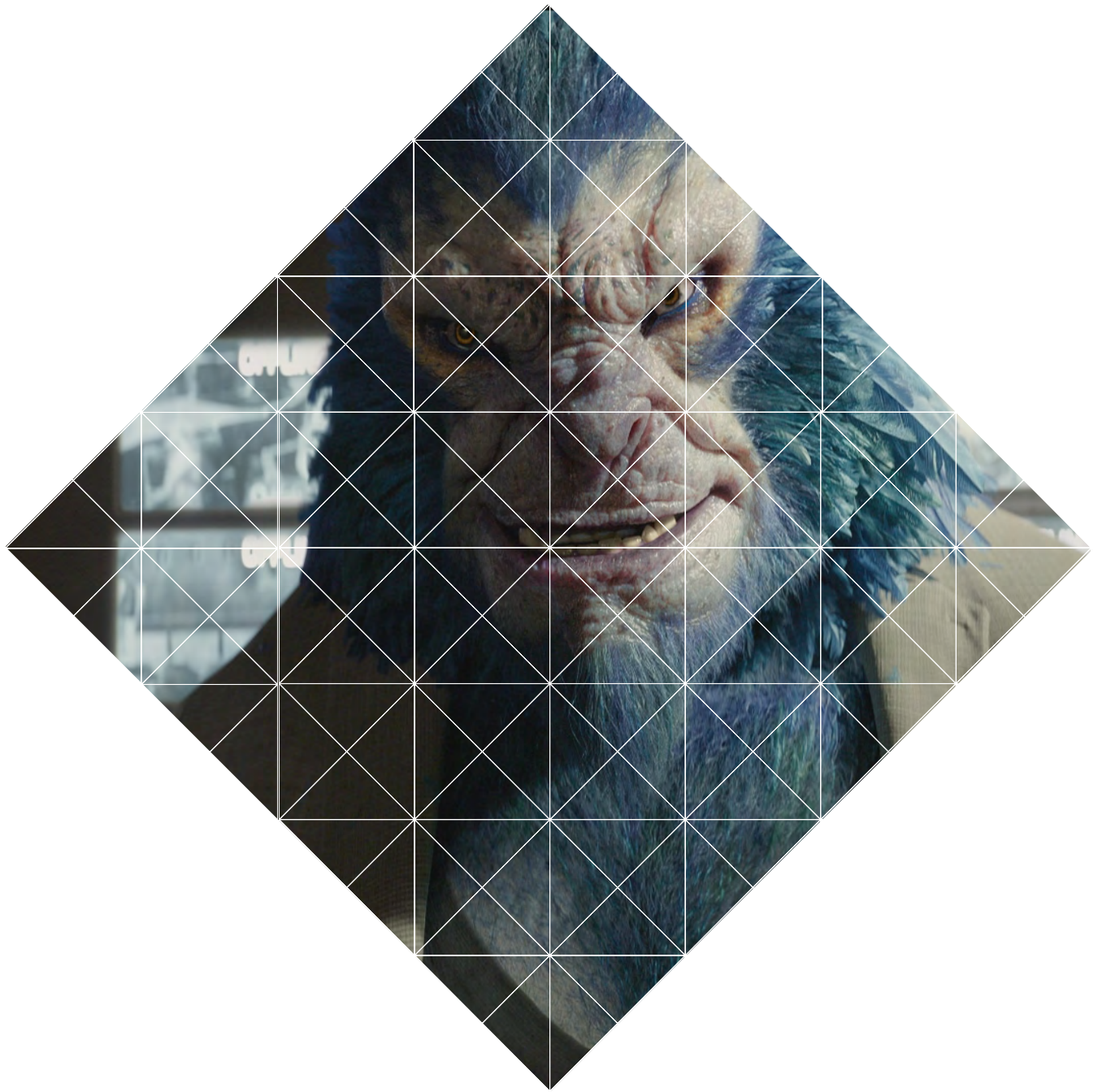


# AUSFILM

AUSTRALIAN NATIONAL & STATE POST, DIGITAL & VFX INCENTIVES



CONNECTING FILMMAKERS WORLDWIDE TO AUSTRALIA



# AUSTRALIAN GOVERNMENT PDV OFFSET

**THE AUSTRALIAN GOVERNMENT'S PDV OFFSET PROVIDES A 30% REBATE CALCULATED ON QUALIFYING AUSTRALIAN PRODUCTION EXPENDITURE (QAPE) OF AT LEAST AU\$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 Factsheet - Visas & Immigration on [ausfilm.com](http://ausfilm.com).

## **WHAT PRODUCTIONS ARE ELIGIBLE?**

Eligible formats include feature films and films of a like nature, telemovies, TV series (including documentary, reality, animation and live action) and TV 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 VFX;
- Editing and mixing of audio and VFX;
- 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 AU\$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 Infrastructure, Transport, Regional Development and Communications.

+ 61 2 6271 1543

[filmenquiries@arts.gov.au](mailto:filmenquiries@arts.gov.au)

<https://www.arts.gov.au/funding-and-support/tax-rebates-film-and-television-producers>



# AUSTRALIAN GOVERNMENT PDV OFFSET

## 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

You should seek independent, professional legal, financial and accounting advice if you are intending to apply for any of the Australian screen production incentives.



Australian Government

Ausfilm is supported by financial assistance from  
the Australian Government

# STATE, LOCAL & TERRITORY PDV 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.

## VICTORIA FILM VICTORIA

[www.film.vic.gov.au](http://www.film.vic.gov.au)  
[joe.brinkmann@film.vic.gov.au](mailto:joe.brinkmann@film.vic.gov.au)  
+61 3 9660 3200

The Victorian Government offers a Post-Production, Digital and Visual Effects (PIAF PDV) incentive. The incentives are negotiated on a project-by-project basis to ensure they are competitive and meet the production's needs and are paid as a cash grant on completion of the project and audit of the production expenditure. The minimum qualifying threshold is a Victorian spend of AU\$1 million. Can be combined with the Federal PDV, Location & Producer Offsets.

## NEW SOUTH WALES SCREEN NSW

[www.screen.nsw.gov.au](http://www.screen.nsw.gov.au)  
[sue.mcreadie@create.nsw.gov.au](mailto:sue.mcreadie@create.nsw.gov.au)  
+61 2 8289 6456

The New South Wales Government offers a rebate of 10% of qualifying PDV expenditure undertaken in NSW. The minimum qualifying spend is AU\$500,000 in NSW. Can be combined with the Federal PDV, Location & Producer Offsets.

## QUEENSLAND SCREEN QUEENSLAND

[www.screenqueensland.com.au](http://www.screenqueensland.com.au)  
[gblack@screenqld.com.au](mailto:gblack@screenqld.com.au)  
T +61 7 3248 0500

The Queensland Government offers a rebate of 10% of qualifying PDV expenditure in Queensland. The minimum qualifying spend is AU\$500,000 in Queensland. Can be combined with the Federal PDV, Location & Producer Offsets.

## QUEENSLAND CITY OF GOLD COAST

[www.filmgoldcoast.com](http://www.filmgoldcoast.com)  
[gjones@goldcoast.qld.gov.au](mailto:gjones@goldcoast.qld.gov.au)  
+61 7 5581 7269

## SOUTH AUSTRALIA SOUTH AUSTRALIAN FILM COMMISSION

[www.safilm.com.au](http://www.safilm.com.au)  
[programs@safilm.com.au](mailto:programs@safilm.com.au)  
+61 8 8394 2000

The South Australian Government offers a rebate of 10% of qualifying PDV expenditure in South Australia. The minimum qualifying spend is AU\$250,000 in South Australia. Can be combined with the Federal PDV, Location & Producer Offsets.

## WEST AUSTRALIA SCREENWEST

[www.screenwest.com.au](http://www.screenwest.com.au)  
[matthew.horrocks@screenwest.com.au](mailto:matthew.horrocks@screenwest.com.au)  
+61 8 6169 2100

The Western Australian Government offers a rebate of up to 20% on post-production, digital and VFX. The minimum qualifying spend is AU\$100,000. The rebate is equivalent of up to 20% of the first \$500,000 of expenditure (up to \$100,000) and a further 10% rebate for all expenditure over \$500,000 on work undertaken in Western Australia. Can be combined with the Federal PDV, Location & Producer Offsets.

## AUSTRALIAN CAPITAL TERRITORY SCREEN CANBERRA

[www.screencanberra.com.au](http://www.screencanberra.com.au)  
[monica.penders@screencanberra.com.au](mailto:monica.penders@screencanberra.com.au)  
+61 2 6162 5171

## NORTHERN TERRITORY SCREEN TERRITORY

[www.screenterritory.nt.gov.au](http://www.screenterritory.nt.gov.au)  
[jennie.hughes@nt.gov.au](mailto:jennie.hughes@nt.gov.au)  
+61 8 8999 6302

## TASMANIA SCREEN TASMANIA

[www.screen.tas.gov.au](http://www.screen.tas.gov.au)  
[info@screen.tas.gov.au](mailto:info@screen.tas.gov.au)  
+61 3 6165 5070

# SPECIAL PURPOSE VEHICLE (SPV)

## CREATING AN SPV & QUICK TIPS

The PDV Offset is designed for ease of access, administration and claims (payouts) by the eligible applicant.

Eligible applicants are either Australian resident companies or foreign based companies with an Australian permanent establishment (PE).

Typically the approach is for an Australian resident company (SPV) to be the eligible applicant.

SPV's (Special Purpose Vehicles) are simply Australian PTY LTD companies that are created for a singular or specific purpose – trusts and partnerships are not eligible applicants.

The SPV is there to link the Australian vendor with the client (studio/broadcaster/streamer etc).

The common agreements that are put in place are as follows:

- Post Production Services Agreement (PPSA) between the client and the SPV which essentially mandates in simple terms that the SPV has the right to organise all of the Australian activities in relation to the project
- Client funds the SPV as and when required to pay the vendor as per its agreement below
- SPV claims the PDV Offset and lodges an income tax return to claim the cash from the ATO
- SPV then repays the proceeds of the Offset to the client.

between the Australian vendor and the SPV, but usually commercially negotiated by the client and the vendor and covers the following:

- Usual commercial milestones and instalment payments contained herein
- Change order procedures and approvals, delivery
- Client is sometimes a direct party to this agreement.

One SPV company can be used for multiple projects with multiple vendors and multiple clients however companies need to be aware of the project completion dates and the tax year ends eg 30 June.

However, there can only ever be one SPV company that claims the offset for each specific project. The legislation contains provisions to deal with scenarios whereby one SPV starts the process for a project but another SPV "takes over" its responsibilities to lodge the application and make the claim for the PDV Offset.

The SPV is also responsible for:

- Arranging the 3rd party auditor to review the expenditure and provide their report
- Preparing the necessary documents and information required by the Department in the final application for certification
- Preparing and lodging an income tax return to claim the offset once the certificate(s) are received in most cases the SPV also undertakes the claims in relation to any applicable state based PDV incentives.

Contact Ausfilm Member Brett Thornquest at Contrarian Group for more information: [brett@contrariantax.com](mailto:brett@contrariantax.com).

A Vendor Services Agreement (VSA) is created



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