



Film industry incentives 2024

Work out if you are eligible for a film tax offset if you invest in the Australian film industry and how to claim it.

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What's new for the film industry

The [Treasury Laws Amendment \(Delivering Better Financial Outcomes and Other Measures\) Act 2024](#) made changes to the [location tax offset](#) to increase the:

- amount of the location tax offset to 30% of the company's total qualifying Australian production expenditure (QAPE) on the film
- minimum QAPE threshold to \$20 million for films and \$1.5 million per hour for certain television series.

The above changes apply where the making of an animated film or the principal photography for any other film started on or after 1 July 2023. The Minister for Arts was also provided a power to require information.

There are additional conditions that the Minister for the Arts must be satisfied are met before a certificate for the location tax offset must be

issued. These relate to the use of resident entities for post digital and visual effects (PDV) production and a minimum training expenditure requirement.

However, the minimum training expenditure requirement has a later start date. It only has to be satisfied if the making of an animated film or the principal photography for any other film started on or after 1 July 2024 (unless the permanent film infrastructure exemption or the training program exemption applies).

Australian screen production incentive

There are 3 refundable tax offsets available under Division 376 of the *Income Tax Assessment Act 1997* (ITAA 1997). These offsets are for certain Australian production expenditure incurred by a production company in making a film where a minimum level of expenditure has been incurred. A company is only entitled to claim one of the 3 tax offsets in relation to a film in its tax return.

Where the production company chooses to claim one of the 3 tax offsets for an eligible film, neither of the other 2 tax offsets is available for that film. This means that a film may be certified for only one stream of the Australian screen production incentive.

Film tax offsets

The 3 film tax offsets you can claim are the:

- [Producer tax offset](#)
- [Location tax offset](#)
- [Post, digital and visual effects \(PDV\) tax offset](#)

Producer tax offset

The producer tax offset is a refundable tax offset for Australian expenditure in making Australian films. For films starting principal photography on or after 1 July 2021, the amount of the producer tax offset is:

- 40% of the company's total QAPE on a feature film produced for commercial exhibition to the public in cinemas
- 30% of the company's total QAPE on the film in all other cases.

Otherwise, the amount of the producer tax offset is:

- 40% of the company's total QAPE on a feature film
- 20% of the company's total QAPE on a film that isn't a feature film.


The producer tax offset is available to a company for the making of an Australian film when the following conditions are met:


- The 'film authority' (currently **Screen Australia**) has issued to the company a final certificate for the film in relation to the producer tax offset.
- The company claims the tax offset in its income tax return for the income year in which the film is completed.
- The company is either an Australian resident company, or a foreign resident company with a permanent establishment in Australia and an Australian business number (ABN).
- The company **hasn't** been provided with financial assistance for the film under Screen Australia's Producer Equity Program.

The company is only entitled to the producer tax offset in respect of the film if a final certificate is issued to that company by Screen Australia. Screen Australia will issue the certificate to a company only where it is satisfied the criteria set out in Division 376 of the ITAA 1997 have been met.

Broadly, Screen Australia must be satisfied that:


- the film is completed
- the film has 'significant Australian content' or it is an official co-production between Australia and another country
- the film is of an eligible format and genre
- the applicant company has either carried out, or made the arrangements for carrying out, all the activities necessary for the making of the film
- the company's total QAPE on the film meets or exceeds relevant thresholds.

For more information on the producer tax offset certification, including QAPE thresholds, and what is 'significant Australian content' and an eligible format and genre, see [Producer offset](#) .

As part of the process of assessing an application for the final certificate, Screen Australia will formally determine the company's total QAPE on the film for the purposes of the producer tax offset. For a full discussion on what constitutes QAPE, see [Qualifying expenditure](#) .

Screen Australia will also provide a copy of the final certificate and its determination of the company's total QAPE on the film to us to enable us to verify claims. We won't reconsider that determination or aspects of Screen Australia's final certification process.

Once the company claims the producer tax offset in its income tax return for the income year in which the film was completed, we will calculate the company's producer tax offset based on the final certificate issued by Screen Australia and its determination of the company's total QAPE on the film. We will then apply that tax offset against the company's Australian tax liability for the income year in which the film was completed, and refund any remainder to the company.

For more information, see [Screen Australia – Guidelines final certification](#) .

Location tax offset

The location tax offset is available for films that don't satisfy the significant Australian content test required for the producer tax offset.

The amount of the location tax offset is 30% of the company's total QAPE on the film if the following started on or after 1 July 2023:

- the making of a film that is predominantly a digital animation or other animation, or
- otherwise, the principal photography for the film.

Otherwise, the amount of location tax offset is either:

- 16.5% of the company's total QAPE on the film if principal photography or production of the animated image started on or after 10 May 2011
- 15% of the company's total QAPE on the film if principal photography or production of the animated image started before 10 May 2011.

The location tax offset is available to a company for the making of a film when the following conditions are met:

- The Minister for the Arts has issued to the company a final certificate for the film in relation to the location offset.
- The company is either an Australian resident company, or a foreign resident company with a permanent establishment in Australia and an ABN.

The company generally claims the tax offset in its tax return for the income year in which the company's QAPE on the film stopped being incurred.

However, if principal photography or production of the animated image started before 1 July 2010 **and** the company's total QAPE on the film is less than \$50 million, the company claims the tax offset in its income tax return for the income year in which the company's 'production expenditure' on the film ended.

The issue by the Minister for the Arts of a final certificate to a company for a film in relation to the location tax offset is the central requirement for the company's entitlement to the location tax offset in respect of the film.

An application to the Minister for the Arts for such a final certificate is considered by the Film Certification Advisory Board, comprising industry representatives and a senior official from the Office for the Arts, which advises the Minister on whether to issue a final certificate.

Broadly, the Minister for the Arts must be satisfied that:

- the film is of an eligible format and genre
- the company's total QAPE on the film is at least \$20 million (or \$15 million if the making of a film that is predominantly a digital animation or other animation, or otherwise the principal photography for the film, started before 1 July 2023)
- where applicable, the company's QAPE per hour is at least \$1.5 million (or \$1 million if the making of a film that is predominantly a digital animation or other animation, or otherwise the principal photography for the film, started before 1 July 2023)
- the company has either carried out, or made the arrangements for carrying out, all the activities in Australia necessary for the making of the film
- the company has used resident entities for PDV production (if the making of a film that is predominantly a digital animation or other

animation, or otherwise the principal photography for the film, started on or after 1 July 2023).

The Minister for the Arts will also need to be satisfied that the company satisfies the minimum training requirement for the film or is exempt from that requirement if the following started on or after 1 July 2024:

- the making of a film that is predominantly a digital animation or other animation; or
- otherwise, the principal photography for the film.

If principal photography or production of the animated image started before 1 July 2010 and the company's total QAPE on the film is less than \$50 million:

- total QAPE must be at least 70% of the company's total 'production expenditure' on the film
- the company must have either carried out, or made the arrangements for carrying out, all the activities worldwide necessary for the making of the film.

Like the producer tax offset, the company's total QAPE on the film is determined as part of the final certification process for the location tax offset. That information, along with a copy of the final certificate, is provided to us to enable us to verify claims and process payment of the location tax offset.

PDV tax offset

The PDV tax offset relates to post-production, digital and visual effects production in Australia, no matter where the film is shot.

The amount of the PDV tax offset is:

- 30% of the company's total QAPE that relates to PDV production for the film (which is, broadly, expenditure on PDV production work undertaken in Australia) if the PDV production started on or after 1 July 2011
- 15% of the company's total QAPE that relates to PDV production for the film if the PDV production started before 1 July 2011.

The PDV tax offset is available to a company in respect of a film when the following conditions are met:

- The Minister for the Arts has issued to the company a final certificate for the film in relation to the PDV tax offset.
- The company claims the PDV tax offset in its tax return for the income year in which the company stopped incurring QAPE related to PDV production for the film.
- The company is either an Australian resident company, or a foreign resident company with a permanent establishment in Australia and an ABN.

The issue by the Minister for the Arts of a final certificate to a company for a film in relation to the PDV tax offset is the central requirement for the company's entitlement to the PDV tax offset in respect of the film.

An application to the Minister for the Arts for such a final certificate is considered by the Film Certification Advisory Board, comprising industry representatives and a senior official from the Office for the Arts, which advises the Minister on whether to issue a final certificate.

Broadly, the Minister for the Arts must be satisfied that:

- the film is of an eligible format and genre
- the company's total QAPE related to PDV production for the film is at least \$500,000 (or \$5 million if PDV production in Australia started before 1 July 2010)
- the company has either carried out, or made the arrangements for carrying out, all the activities in Australia necessary for the PDV production for the film.

PDV production for a film is:

- the creation of audio or visual elements (other than principal photography, pick-ups or the creation of physical elements such as sets, props or costumes) for the film
- the manipulation of audio or visual elements (other than pick-ups or physical elements such as sets, props or costumes) for the film
- activities that are necessarily related to the activities mentioned above.

This includes expenditure on VFX, 2D and 3D animation, audio post editing, green-screen photography and miniatures undertaken in

Australia.

The company's total QAPE related to PDV production for the film is determined as part of the final certification process for the PDV tax offset. That information along with a copy of the final certificate is provided to us to enable us to verify claims and process payment of the PDV tax offset.

Revoking and repayment of a film tax offset

Certificates issued by the Minister for the Arts and Screen Australia can be revoked. In such a case, a revocation would require a full repayment of any film tax offset given.

Situations where the Minister can revoke the certificate include:

- fraud or serious misrepresentation
- a copy of the film isn't provided to the Minister within 30 days upon completion of the film.

A decision to revoke a certificate previously issued or a decision not to issue a certificate are reviewable in the Administrative Appeals Tribunal.

How to claim film tax offsets

Companies claim all film tax offsets in the *Company tax return 2024* at Calculation statement – label **E Refundable tax offsets**.

QC 101753

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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