



# Location Offset

## Frequently Asked Questions

May 2023

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### What is changing?

- Subject to the passage of legislation, the Location Offset rebate rate will be increased for eligible productions from 16.5 per cent to 30 per cent from 1 July 2023.
- The minimum qualifying Australian production thresholds will increase from 1 July 2023. Currently the minimum qualifying Australian production expenditure thresholds are \$15 million and \$1 million per hour for television series. These will increase to \$20 million and \$1.5 million per hour for television series.
- New eligibility requirements will be introduced:
  - A requirement that a production must meet minimum training obligations or contribute to the broader workforce and infrastructure capacity of the sector.
  - A requirement that a production must use one or more Australian providers to deliver post, digital and visual effects for the production.
- New reporting requirements are proposed as part of the Location Offset application process to capture data including employment of Australian crew and use of Australian businesses.

### When does this come into effect?

- The 30 per cent rate and new eligibility requirements will apply to eligible productions that commence principal photography or production of the animated image on or after 1 July 2023.
- For these changes to come into effect, legislative amendments to the *Income Tax Assessment Act 1997* will need to be made. The Australian Government intends to have the amendments to the *Income Tax Assessment Act 1997* in place by the end of the 2023-24 financial year.

### How will the changes to the Location Offset be made?

- The changes will be made through legislative amendments to Division 376 of the *Income Tax Assessment Act 1997*.

### What is the timeframe for the legislative amendments?

- We are not able to put a timeframe on when the legislation will pass. It is not unusual for tax measures to be legislated after their commencement date.
- As the *Income Tax Assessment Act 1997* is the responsibility of the Treasurer, this process will be led by Treasury.
- Treasury, the Office for the Arts and the Australian Taxation Office will work to progress the amendments as quickly as possible.
- The measures will apply to the income years starting on or after 1 July 2023, and eligible taxpayers will be able to lodge their returns (and claim the offset rebate) from 1 July 2024.
- The Australian Government intends to have the amendments to the *Income Tax Assessment Act 1997* in place by the end of the 2023-24 financial year.

### **Why is the Location Offset being increased?**

- The objective of the Location Offset is to encourage large-scale screen productions to film in Australia, and is aimed at providing greater economic, employment and skill development opportunities.
- At a rate of 16.5 per cent the Location Offset is uncompetitive when compared to other international jurisdictions and was not achieving this objective.
- In recognition of the important role large-budget screen productions play in our screen industry, increasing the Location Offset rebate rate delivers on the Government's commitment in *Revive*, the National Cultural Policy, to encourage investment by large-budget screen productions in Australia through film tax offsets and location-based production incentives.

### **When will we know the details about the new eligibility requirements?**

- The Office for the Arts is consulting with key stakeholders about the proposed new eligibility requirements. Similar eligibility requirements currently exist as part of the Location Incentive.
- Broader consultation on the specific details of the new eligibility requirements will take place as part of the legislative amendments process when the draft bill and explanatory memorandum is released for consultation.

### **Why are the thresholds increasing?**

- The objective of the Location Offset is to encourage large-budget screen productions that offer greater economic, employment and skill development opportunities to film in Australia. The increased thresholds target attracting productions at the scale and expenditure level that drives these opportunities.

### **My proposed production may not meet the new eligibility criteria, what should I do?**

- Please contact the Office for the Arts that administers the Location Offset to discuss your concerns.
  - Phone: [02 6271 1543](tel:0262711543)
  - Email: [filmenquiries@arts.gov.au](mailto:filmenquiries@arts.gov.au)

### **Can I still claim the Location Offset at 16.5 per cent?**

- Applicants will still be able to claim the Location Offset at 16.5 per cent if principal photography or production of the animated image commenced after 10 May 2011 and before 1 July 2023.

- Details of current eligibility requirements can be found at [www.arts.gov.au](http://www.arts.gov.au).
- Productions that commence principal photography or production of the animated image after 1 July 2023 will need to meet the new requirements specified in the legislation.

**Can I claim 16.5 per cent rebate for expenditure before 1 July 2023 and claim 30 per cent for expenditure on or after 1 July 2023?**

- No. The date when principal photography or production of the animated image commences will determine what rebate rate you will receive provided all other eligibility criteria is met.

**I started principal photography after 1 July 2023, will my pre-production expenditure that occurred before this date still be counted as QAPE?**

- Yes. Eligible expenditure can still be counted as qualifying Australian production expenditure.
- The date when principal photography or production of the animated image commences will simply determine what rebate rate you will receive provided all other eligibility criteria is met.

**Can I apply for a Location Offset provisional certificate to get confirmation of eligibility for the Location Offset at 30 per cent?**

- Applications must be assessed based on the the eligibility requirements for the Location Offset currently set out in Division 376 of the *Income Tax Assessment Act 1997*.
- As there are elements of eligibility for the Location Offset that are still to be determined, currently it is not possible to provide certainty of eligibility to access the Location Offset at 30 per cent until legislative amendments have passed.
- If you do apply for a provisional certificate, the Office for the Arts will reach out to make applicants aware of what changes are proposed and discuss any potential issues.

**What if I need to apply for a final certificate and the legislation has not passed?**

- If your production will commence principal photography or production of the animated image after 1 July 2023 and you believe you will apply for final certification under the Location Offset before 30 June 2024 please contact the Office for the Arts to discuss.

– Phone: 02 6271 1543

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

**Why is there no information about the Location Offset rebate rate being 30 per cent in the application guidance materials?**

- Once the details of the legislation are settled, the Location Offset Rules, Guidelines, Glossary and Application Form will be updated to align with the legislation.
- Updates the [www.arts.gov.au](http://www.arts.gov.au) will be made as the legislative process progresses.

**Will the Location Offset changes affect my Location Incentive application?**

- The Location Incentive will cease accepting applications from 30 June 2023.

- If you have applied to the Location Incentive, please contact the Office for the Arts.
  - Phone: 02 6271 1543
  - Email: [filmenquiries@arts.gov.au](mailto:filmenquiries@arts.gov.au)
- For information please visit [www.arts.gov.au/what-we-do/screen/australian-screen-production-incentive](http://www.arts.gov.au/what-we-do/screen/australian-screen-production-incentive)

**I have a specific question or want to talk to someone about these changes, who do I contact?**

- Please contact the Office for the Arts.
  - Phone: 02 6271 1543
  - Email: [filmenquiries@arts.gov.au](mailto:filmenquiries@arts.gov.au)