



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts**

Location Offset guidelines

July 2026



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Incentive for large budget screen production in Australia

The Location Offset is part of the Australian Screen Production Incentive (ASPI). The Australian Government supports film, television and other screen production in Australia through the ASPI. The ASPI comprises three refundable tax offsets, the:

1. Producer Offset, a 40 per cent rebate on the qualifying spend of qualifying Australian films and a 30 per cent rebate for other qualifying productions that contain significant Australian content;
2. Post, Digital and Visual Effects (PDV) Offset, a 30 per cent rebate on the qualifying Australian spend relating to PDV production (including for productions shot overseas); and
3. Location Offset, a 30 per cent rebate on the qualifying Australian spend of large-budget productions.

The three offsets available under the ASPI are mutually exclusive. For example, final certification of a production for the Location Offset will prohibit it from receiving certification for either the PDV or Producer Offsets.

The Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (the Department) administers the Location Offset and the PDV Offset. These guidelines refer to the Location Offset. The PDV Offset guidelines are available at www.arts.gov.au.

Screen Australia administers the Producer Offset. For queries relating to the Producer Offset please contact the Producer Offset and Co-Production Unit at Screen Australia on 02 8113 1042 or POCU@screenaustralia.gov.au or visit www.screenaustralia.gov.au.

For further information regarding the PDV Offset please contact the Screen Incentives Section at:

Email: filmenquiries@arts.gov.au

Tel: +61 2 6136 8012

Web: www.arts.gov.au

Screen Incentives Section

Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

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Australia

For information about taxation and the other obligations of companies commencing business in Australia, registering for an ABN, filing business activity statements and annual income tax returns, please consult the ATO website at www.ato.gov.au. Alternatively, the ATO enquiry line for businesses is 13 72 26 (or +61 137286 for tax agents).

1. Introduction

The Location Offset provides an incentive for large budget screen productions to film in Australia. The Australian Government recognises the economic, employment and skills development opportunities large budget screen productions bring to Australia and to Australians working in the screen industry. The Location Offset is designed to make sure Australia remains competitive in attracting large budget film and television productions, and is aimed at providing increased

opportunities for Australian cast, crew and other screen production service providers that participate in these productions.

These guidelines have been prepared to assist with applications for certification for the Location Offset.

The legislation which governs the Location Offsets is Division 376 of the *Income Tax Assessment Act 1997*, as amended (ITAA97). These guidelines should be read in conjunction with the ITAA97 and the Location Offset Rules (as amended by the Location Offset Amendment Rules 2024) (the Location Offset Rules), made pursuant to section 376-260 of the ITAA97 and the Application Form. Current versions of all documents are available at: www.arts.gov.au including links to the provisional and final application forms on the application portal SmartyGrants. These legislative instruments are all available from the Australian Government Federal Register of Legislation at www.legislation.gov.au.

These guidelines are not a legal document. You are encouraged to:

- seek professional advice when preparing an application, for example from your lawyer and accountant, and
- consult Division 376 of the ITAA97 and the Location Offset Rules, if there is an inconsistency between the guidelines and the ITAA97 or the Location Offset Rules, the provisions in the ITAA97 or the Location Offset Rules prevail.

Please note that the ITAA97 uses the term ‘film’ to refer to all eligible formats (please refer to section 2.2 Eligible Formats). These guidelines use the term ‘production’, unless directly quoting the ITAA97.

In these guidelines, unless the contrary intention appears, all references to dollars are references to Australian dollars.

1.1. Overview of the Location Offset

The Location Offset is applied at a fixed rate of 30 per cent of Qualifying Australian Production Expenditure (QAPE) on an eligible film or television production that:

- commences principal photography on or after 1 July 2023, or
- is an animated production that commences production of the animated image on or after 1 July 2023.

If your production commenced principal photography or production of the animated image before 1 July 2023, please contact the Department filmenquiries@arts.gov.au.

To access the Location Offset, an applicant must obtain a certificate from the Minister for the Arts (the Minister) or the Minister’s delegate. A certificate will be issued by the Minister where a production meets the relevant requirements set out in Division 376 of the ITAA97. The Minister will also formally determine a production’s QAPE and record the QAPE amount on the certificate. These guidelines outline the required processes for obtaining a certificate.

Where a certificate is issued, the applicant company can claim the offset in its income tax return for the relevant income year. The relevant year for the Location Offset is the year in which QAPE ceased being incurred.

The Australian Taxation Office (ATO) will provide a refund of a tax offset where the amount exceeds the amount of any tax liabilities owed by the applicant company. The ATO will not usually review either the requirements for the issue of a certificate or the determined amount of QAPE.

However, if the ATO, during its assessment of an applicant's tax return, finds evidence of fraud or serious misrepresentation, the ATO will advise the Minister, who may then revoke the certificate.

1.1.1 Provisional certification

You may apply for a provisional certificate for a production before it commences or during production. A provisional certificate provides an indication of whether the production is likely to be eligible for the Location Offset, based on the information provided at that stage. The assessment of a provisional application provides information on the eligibility of a production, how the production can meet all eligibility requirements when applying for final certification and the extent to which projected expenditure on a production may be counted towards QAPE.

From 1 July 2023, to qualify for the Location Offset, a production must:

- contribute to training opportunities or to the broader production and infrastructure capacity of the Australian screen sector; and
- use one or more Australian providers to deliver post, digital and visual effects for the production.

Every production accessing the Location Offset must meet or exceed a minimum expenditure requirement on eligible training activities. For productions that commence principal photography on or after 1 July 2025, the minimum expenditure requirement on eligible training activities is 1 per cent of QAPE capped at \$500,000.

Productions may be eligible for an exemption from the minimum training expenditure requirement if they invest in:

- a long-term structured training program; or
- permanent film and television infrastructure in Australia.

For applicants that wish to be exempted from meeting the minimum expenditure requirement on eligible training activities because they intend to develop a long-term structured training program or establish permanent film and television infrastructure, it is recommended that you apply for either *Provisional Certification – Training* or a *Provisional Certification – Infrastructure*. This is to allow consideration of the proposed training program or infrastructure investment by the Film Certification Advisory Board before the production starts filming.

Applying for a *Provisional Certification – Training* or a *Provisional Certification – Infrastructure* are distinct and separate processes to the broader provisional certification process for the Location Offset. They only assess a production's eligibility for an exemption from meeting the minimum expenditure requirement on eligible training activities through investing in training or infrastructure.

Applying for a provisional certificate is optional. For productions that do not intend to apply for a provisional certificate, it is recommended that the production is registered with the Screen Incentives Section. Registration is quick and easy and allows for monitoring of productions that intend to film in Australia. Registration of a production can be done by visiting [production registration](#).

A provisional certificate is not a guarantee that the Minister or the Minister's delegate will issue a certificate for the Location Offset and does not prevent a decision by the Minister or the Minister's delegate to refuse to grant a certificate. A provisional certificate is not required as part of the process for final certification.

An application for final certification is made once QAPE has ceased to be incurred. The assessment of projected QAPE at the provisional stage is non-binding. A decision not to issue a provisional

certificate for a project does not prevent a production company from applying for a final certificate in relation to that production.

1.1.2 Final certification

To claim the Location Offset as a tax rebate, you must be issued with a certificate by the Minister. A certificate will be issued if the requirements set out in Division 376 of the ITAA97 are met.

The eligibility criteria, detailed in these guidelines, are:

- **the applicant is an eligible entity**
 - the applicant company must be an Australian resident or, if they are a foreign resident, have a permanent establishment in Australia and an active Australian Business Number (ABN). The applicant must be an eligible entity when it incurs QAPE, applies and is being assessed under the Location Offset, when it lodges its income tax return and when the offset is due to be credited to the applicant company (ITAA97 section 376-10)
 - the applicant must be the company that carried out, or made the arrangements for the carrying out of, all the activities in Australia that were necessary for the making of the production (ITAA97 section 376-20)
- **the production must be of an eligible format , genre and meet relevant production timeframes (ITAA97 section 376-20)**
 - format (feature film or film of like nature e.g. telemovie, mini-series of television drama or television series)
 - must have commenced principal photography or production of the animated image on or after 1 July 2023 and, if a television series, meet commencement and completion timeframes
- **it can be demonstrated that the production was produced for exhibition to the public (ITAA97 section 376-20)**
- **QAPE must meet or exceed the minimum expenditure threshold(s)**
 - currently \$20 million (ITAA97 section 376-20), and
 - where applicable, a television series must meet the QAPE per hour threshold, currently \$1.5 million.
- **the production must not have accessed other Australian Government film tax incentives**
 - The film tax offsets are mutually exclusive, therefore final certification of a production for either the PDV or Producer Offsets will prohibit access to the Location Offset (ITAA97 section 376-10). A production will also be ineligible if they claimed certain deductions or were issued a final certificate under the previous film tax incentive, under the former Division 10B of Part III of the *Income Tax Assessment Act 1936*.
- **the production has used one or more Australian providers to deliver post, digital and/or visual effects for the production**

- **the production has contributed to training opportunities or to the broader production and infrastructure capacity of the Australian screen sector**
 - This can be demonstrated by meeting or exceeding a minimum expenditure requirement on eligible training activities as follows:
 - for productions that commence principal photography or production of the animated image between 1 July 2023 and 30 June 2024 –there is no legislative requirement for training activity however productions are encouraged to undertake training in Australia;
 - for productions that commence principal photography or production of the animated image between 1 July 2024 and 30 June 2025 - expenditure of 0.5 per cent of QAPE, capped at \$250,000;
 - for productions that commence principal photography or production of the animated image on or after 1 July 2025 - expenditure of 1 per cent of QAPE, capped at \$500,000.
 - Applicants can be exempt from the minimum training expenditure requirement by developing a long-term structured training program or investing in permanent film and television infrastructure in Australia.

Applicants will also need to complete final reporting on employment, engagement of businesses and vendors and filming locations.

The certificate will state the determination of QAPE. You can then claim the Location Offset in your tax return for the income year in which the final QAPE is expended. The ATO will credit the Location Offset against any existing income tax liabilities and refund the remainder.

1.1.3 Tax secrecy

The information provided by applicants under Division 376 of the ITAA97 is protected by Division 355 of Schedule 1 to the *Taxation Administration Act 1953*, as amended. All information provided to the Department about an application will be held on a confidential basis and dealt with as protected information, in accordance with Division 355.

1.1.4 Australian Government support – announcements, acknowledgement and Ausfilm

Acknowledgment of Australian Government support is welcome.

Productions are encouraged to make an announcement once they have decided to locate to Australia. Please contact the Screen Incentives Section about possibilities for the Minister for the Arts to be included in any media opportunities (including as part of an announcement by relevant state and territories).

There is no requirement to credit or acknowledge Australian Government support to receive the Location Offset. However, productions are strongly encouraged to do so. Where the applicant chooses to include a credit / publicly acknowledge the support of the Australian Government and / or the Location Offset, the Government may in turn publicise the information that the film was made with the support of the Location Offset.

Please contact the Screen Incentives Section to discuss wording and the use of the Australian Government logo in the credits of the production.

The Australian Government also encourages recipients of the Location Offset to work with Ausfilm (www.ausfilm.com.au) in promoting Australia as a destination for screen production. This includes

providing Ausfilm with marketing assets for use in promoting the production's activities in Australia.

2. Location Offset eligibility

2.1. Eligible applicants

2.1.1 The company

To be eligible for the Location Offset, a company must:

- have a registered and active Australian Business Number (ABN), and
- be an Australian resident company or a foreign resident company that is operating through a permanent establishment in Australia.

This applies when:

- QAPE is incurred
- the Location Offset application is lodged and being assessed
- the company lodges its income tax return, and
- the Location Offset is due to be credited.

If the applicant company is a foreign resident, without both a permanent establishment in Australia and ABN, the production will not be eligible. In addition, if the applicant company did not meet these requirements for any period/s of production in Australia then expenditure at that time is not considered to be QAPE.

The company must also be an eligible entity when it applies and throughout the Location Offset assessment process. If the entity is deregistered or ABN cancelled at any time, the assessment will cease until such time as it is re-registered.

Resident in Australia

A company is defined as being resident in Australia under subsection 6(1) of *Income Tax Assessment Act 1936*, as amended (ITAA36) if:

- the company is incorporated in Australia; or
- if not incorporated in Australia, it carries on business in Australia and either its central management and control are in Australia, or its voting power is controlled by shareholders who are residents of Australia.

Taxation Rule TR 2018/5 provides the ATO's interpretation of residency where the company is not incorporated in Australia (as at the date of publication).

The term 'permanent establishment' is also defined in subsection 6(1) of the ITAA36 which refers to 'a place at or through which [a] person carries on any business'. The ITAA36 includes examples of a permanent establishment. Taxation Ruling TR 2002/5 (including the amendments created by TR2002/5A—Addendum) provides the ATO's interpretation of the meaning of the phrase 'a place at or through which [a] person carries on any business' in the definition of 'permanent establishment'. The ruling provides guidance to a non-resident who carries on business in Australia as to whether they have a place for the purposes of the definition of 'permanent establishment'.

For information about taxation and the other obligations of companies commencing business in Australia, such as registering for an ABN, residency tests including whether they are modified by any Double Tax Agreement with any other countries, or filing business activity statements and annual income tax returns you should contact the ATO to seek advice (and confirm you are relying on current guidance).

2.1.2 Responsible company

The applicant company must be the company that either carried out, or was responsible for making the arrangements for the carrying out of, all the activities that were necessary for the making of the production in Australia.

The applicant company is the company that incurs all the expenditure and the company through which all transactions are channelled. For example, the expenditure incurred directly or in sub-contracting crew payroll may both qualify as QAPE as long as the applicant company is able to account for these costs in its audited expenditure statement.

In some cases, the applicant company is a special purpose vehicle (SPV) incorporated to make the production. The use of an SPV is not a requirement, and ongoing companies may be an eligible applicant.

There is no requirement that a provisional certificate and a final certificate for the same production are issued to the same entity.

Information on company structures is best sought from your legal and accounting advisers. The Department does not provide advice on company structures beyond eligibility requirements.

Multiple companies involved in a production

Although there may be a number of entities that carry out activities necessary for making a production, only one company can apply for the Location Offset for a particular production. The applicant must be a company that meets the requirements of both Australian company registration and responsibility for Australian production activities.

Expenditure by prior companies

An application should be made by the production company that completes an eligible production (or completes the activity undertaken in Australia). If the making of the production has been taken over from another company, the incoming company may incur the expenditure of the prior company. In order to access the prior company expenditure allowance, the legal arrangements between the prior company and the incoming company need to confirm and substantiate that the expenditure incurred meets the definition of QAPE and that the applicant company has incurred the costs during the making of the production.

Applicants are encouraged to seek legal advice to make sure arrangements meet the legislative requirements so that prior company expenditure is incurred correctly by the applicant company and meets the definition of QAPE.

Any costs incurred by the production company in the takeover of the production are not eligible in the calculation of QAPE.

For example, one company may initiate the development of a production and a second production company is then incorporated to actually make and complete the production. In this situation the first company's expenditure in developing the production becomes the production expenditure of the second. However, a fee paid by the second company to take over the production would not be considered QAPE.

The prior company expenditure will be interrogated at final application to ensure that all costs claimed meet the definition of QAPE on the applicant production and that the costs were incurred during the making of the production. A detailed general ledger of the prior company expenditure needs to be submitted with the application and form part of the audited statements. Applicants may also be asked to provide detailed information about the prior company's activities, including contracts and pay slips to verify work is eligible.

In addition, for expenditure of a prior company to be considered QAPE it must have been incurred by a company that meets the requirements of the ITAA97, for example must be a company with an ABN, not acting in the capacity of a trust and not be expenditure by a sole trader.

2.2. Eligible formats and exhibition

Eligible formats for the Location Offset are:

- feature films or films of a like nature (e.g. telemovies) (unless a documentary)
- mini-series of television drama
- television series (including a documentary)—see below.

Exhibition of eligible formats can include theatrical release, television broadcast or online exhibition. To substantiate that the production was produced for exhibition to the public you must provide documentation from the platform that has, or intends to, release it. This is referred to as an end-user agreement. If a production has already been released or is available on a platform, you can indicate this in the application form.

The following formats are ineligible for the Location Offset:

- short films
- documentary features (documentary television series are eligible, see below)
- advertising programs or commercials
- discussion, quiz, game, panel or variety programs, or a program of a like nature
- a film of a public event
- training films
- computer games (defined by the Classification (Publications, Films and Computer Games) Act 1995 (Classification Act)—see below). Section 5A of the Classification Act defines a computer game as a:
 - computer program and any associated data capable of generating a display on a computer monitor, television screen, liquid crystal display or similar medium that allows the playing of an interactive game, or
 - computer program, data associated with a computer program or a computer program and any associated data that is:
 - capable of generating new elements or additional levels into a game (the original game) that is a computer game under subsection 5A(1) of the Classification Act and
 - contained in a device separate from that containing the original game.

2.2.1 Eligible television series

For the purposes of the Location Offset, a television series means a narrative series such as a drama or comedy, a documentary or a reality series (see below). Each season of a series is treated as a different 'film' under the Location Offset and should be the subject of a separate application.

Under the ITAA97, a television series must be made up of two or more episodes that:

- are produced wholly or principally for public exhibition on television under a single title, and
- have a common theme or themes, and
- contain dramatic elements that form a narrative structure, and
- are produced for exhibition together in a national market or markets.

Different series which were produced to be shown in different markets, or different seasons of a series, cannot be grouped together to reach the minimum \$20 million QAPE threshold.

There is no minimum or cap on the number of commercial hours for one series or for multiple seasons of a series. However, a television series must also meet the \$1.5 million QAPE per hour eligibility threshold.

2.2.2 Commencement, completion and timeframes

In order to qualify for the Location Offset, the production must have commenced principal photography, or commenced production of the animated image, in Australia on, or after, 1 July 2023.

Timeframe requirements for television series

Qualifying television series must be completed within a given timeframe. The length of this timeframe depends on whether the series is predominantly an animation or a live action series.

If a television series is predominately a live action or other television series that is not predominantly an animation:

- principal photography for the series must be completed within 12 months
- the timeframe excludes the principal photography of a pilot episode and does not include any second-unit photography.

If a television series is predominantly a digital animation or other animation:

- the making of the series must be completed within 36 months (3 years)
- this period does not include preproduction activities but otherwise commences when production expenditure, as defined in the legislation, begins to be incurred
- the timeframe requirement does not include any production expenditure for a pilot for the television series.

2.3. Production Expenditure, QAPE and thresholds

The Location Offset is an expenditure-based incentive. A number of criteria for qualifying for the Offset and the basis for calculating the refund amount are established by the amount spent by the applicant company on goods and services provided in Australia and the use of land located in Australia.

The Location Offset has two concepts of expenditure. They are:

- 'Production Expenditure', which is expenditure incurred by the applicant company both inside and outside Australia, for the purposes of making the production, and
- QAPE, which is expenditure incurred inside Australia for the purposes of making the production.

Both types of expenditure are subject to specific legislative inclusions and exclusions. The [Location Offset Glossary](#) is an A-Z of screen industry terminology. Applicants should refer to the Glossary for further advice on the treatment of specific QAPE items.

2.3.1 Production Expenditure

A company's Production Expenditure is defined by section 376-125 of the ITAA97 as:

- the expenditure incurred in, or in relation to, the making of the production
- or expenditure that is reasonably attributable to the use of equipment, other facilities or activities undertaken in the making of the production.

The making of the production includes pre-production, production and post-production activities and any other activities undertaken inside and outside of Australia that are necessary to bring the first copy of a production to the state that it is ready to be broadcast or exhibited to the general public.

An applicant company may incur Production Expenditure in the income year for which an offset is sought or in earlier income years.

The Location Offset Glossary provides detailed information on Production Expenditure under the ITAA97. In summary, Production Expenditure **does not** include:

- most aspects of financing
- developing the proposal for the production (e.g. pitching, production of teaser trailers and sizzle reels for purposes of financing, attendance at overseas markets for purposes of financing)
- foreign development expenditure
- foreign held copyright acquisition
- marketing, publicity and promotion (except where the expenditure relates to either producing material for use in publicising or promoting the film where the copyright in the material is held by an individual or a company that is an Australian resident at the time of application; or incurred in producing audio or visual content for the film otherwise than for use in the first copy of the film before the completion of the film)
- distribution costs
- deferment and profit participation, residuals, advances
- acquisition of depreciating assets; and
- foreign pilot expenditure (for a television series).

Applicants are encouraged to track expenditure relating to production activity as early as possible, and to record the difference between total Production Expenditure and QAPE.

Where necessary further information may be sought during the assessment.

2.3.2 Qualifying Australian Production Expenditure (QAPE)

QAPE is defined by section 376-145 of the ITAA97 as the company's production expenditure on the film or television project to the extent that it is incurred for, or is reasonably attributable to:

- goods and services provided in Australia,
- the use of land located in Australia, or
- the use of goods that are located in Australia at the time they are used in the making of the production.

QAPE has a dual role for the purposes of the Location Offset. It:

- is the basis for determining whether the minimum Australian expenditure threshold has been reached; and
- provides the basis of the Location Offset itself, as the amount of the rebate is 30 per cent of QAPE.

All costs being claimed as QAPE must be genuinely incurred by the applicant company and require that a legal liability to pay is in place. For an amount to be expenditure that is incurred it must be:

- required to be paid within an identifiable timeframe
- quantifiable
- pecuniary (i.e. monetary or can be valued in monetary terms), and
- a payment to which the applicant company is definitely committed.

The Location Offset is claimed in the year that eligible expenditure relating to the making of the film in Australia ceased to be incurred. However, for some expenditure there are legislated requirements about when it is incurred that can affect if it can be claimed or not.

QAPE for some activities must be incurred by the applicant company before the completion of the film to be eligible. This applies to expenditure incurred in producing additional audio or visual content for the film otherwise than for use in the first copy of the film. For example, a trailer or cast interviews for extras segments on streaming services.

Further, some expenditure must be incurred by the applicant company before the end of the income or financial year in which the production is completed. This applies to fees for insurance, audit (such as the audit required for the Offset application) and legal services provided in Australia in relation to raising and servicing the financing of the film and fees for incorporation and liquidation of the applicant company.

A production is considered complete when it is first in a state where it could reasonably be regarded as ready to be broadcast or exhibited to the general public.

The following expenditure, or part thereof, may be regarded as QAPE for the Location Offset:

- Australian development expenditure
- Australian-held copyright acquisition
- insurance
- general business overheads
- some aspects of publicity and promotion expenditure, including in some cases additional audio-visual content where the expenditure has been incurred before the completion of the film
- depreciation of assets, to the extent they are used in the making of the production
- pilot expenditure in Australia (only for a television series)
- legal expenses (except as they relate to some aspects of development)
- travel to Australia
- freighting an item to Australia
- travel and freight in Australia
- Fringe Benefits Tax (FBT) and state payroll tax
- remuneration other than by salary and some types of residuals
- prizes and prize money

While not an exhaustive list, the following are excluded from QAPE:

- expenditure while the applicant company is a foreign resident without a permanent establishment in Australia and an ABN
- expenditure that is not genuinely incurred by the applicant company or cannot be substantiated
- costs of overseas services embodied in goods
- GST input credits (for productions commencing on or after 10 May 2011)
- gratuities and entertainment expenses
- all expenditure associated with crew members (including producers and executive producers), whether Australian or non-Australian residents, when their stay in Australia for less than two consecutive weeks
- costs incurred overseas
- amounts that are deferred or dependent or payable out of the receipts, earnings or profits from the film

The Location Offset Glossary provides detailed information on the treatment of specific QAPE, including:

- apportionment of services provided inside and outside of Australia (for example where a service provider's contract does not specifically distinguish the difference)
- arm's length expenditure rules to ensure that amounts charged between the applicant company and any interested parties (for example, parent and subsidiary companies and directors and employees of these companies) for the provision of goods/services are commercially reasonable
- accrual basis of expenditure
- depreciating assets
- eligibility requirements including using an Australian PDV provider, training expenditure requirements, training program and infrastructure options and reporting requirements

2.3.3 Currency exchange

All production expenditure and QAPE incurred in foreign currencies must be converted into Australian dollars. For the purposes of applying for the Location Offset this must be done in two ways, as provided under section 960-50 of the ITAA97:

- For the purposes of meeting the expenditure thresholds, expenditure must be converted using the foreign exchange rate for the day on which principal photography or production of the animated image commenced.
- For the purposes of calculating the final QAPE figure upon which the rebate is based, the exchange rate used for expenditure on foreign currency must be averaged across the period in which QAPE was incurred.

Official published exchange rates are available from the Reserve Bank of Australia at www.rba.gov.au.

2.3.4 QAPE treatment of pilot episodes

Under the ITAA97, a pilot (if there is one) is considered to be part of the television series. However, overseas expenditure on a pilot is excluded from being production expenditure as it is not QAPE (section 376-140 of the ITAA97).

The exchange rate used to convert expenditure made in a foreign currency for the purposes of meeting the eligibility threshold is taken from the day on which principal photography commences.

This means that it may be from the day a pilot commences shooting if the shooting of a pilot is part of principal photography.

The time period used to calculate the average exchange rate to convert expenditure made in a foreign currency for the purposes of calculating the QAPE only includes the time taken to make a pilot, if expenditure on the pilot is treated as QAPE.

2.3.5 Expenditure threshold

A production must spend QAPE of at least \$20 million (as determined by the Minister) to be eligible for the Location Offset.

The Location Offset is based on expenditure incurred by the applicant company, not by any other party. Refer to Part 2.1.2 of these guidelines and the Location Offset Glossary for further information on expenditure by prior companies.

2.3.6 QAPE per hour requirements for television series

In addition to the total QAPE expenditure requirement of \$20 million, a television series must average at least \$1.5 million QAPE per hour to qualify for the Location Offset.

The average QAPE per hour is calculated by dividing the total QAPE by the duration of the series measured in hours.

The actual length of the completed production, rather than 'commercial hours' must be used (for example, the total duration of a series is the number of episodes multiplied by the actual duration of each episode).

$$\text{Total QAPE} / \text{Duration of series in hours} = \text{average per hour QAPE}$$

Other formats, such as television mini-series or telemovies are not required to meet the QAPE per hour threshold.

2.3.7 Auditor's statement

An independent auditor's statement, verifying the particulars of the production expenditure detailed in your application, is required when you apply for the Location Offset.

The audit must be prepared by a person who is:

- a registered company auditor under the *Corporations Act 2001*, and
- not an officer, partner or employee of the applicant company or a related body corporate of the applicant company (but may be contracted by them from time-to-time on a non-permanent basis). A related body corporate of an applicant company would be a subsidiary of an applicant company, the holding company of an applicant company or a subsidiary of the holding company of the applicant company

The auditor's statement is provided at the applicant's expense with the name of the auditor and auditor's company or firm, qualifications and contact details provided in the relevant section of the Application Form.

2.4. Exclusion of access to other Australian Government incentives

The three film tax offsets available under the Australian Screen Production Incentive are mutually exclusive. A production company is not eligible to claim the Location Offset in respect of the production if:

- it has received a final certificate for the PDV Offset
- it has received a final certificate for the Producer Offset
- the applicant, or anyone else has claimed a deduction for the production under Division 10B of Part III the ITAA36
- it has been granted a final certificate at any time under Division 10BA of Part III of the ITAA36.

A provisional certificate does not limit eligibility for another offset.

The Department will confirm the production has not received a certificate under the other tax incentives by cross referencing with Division 10B and 10BA records, and by consulting with Screen Australia about the Producer Offset.

2.4.1 Access to other incentives (such as state and territory government support)

Funding from other Australian Government programs, such as Screen Australia (excluding the Producer Offset) and/or from state and territory incentives do not impact on the production's eligibility for the Location Offset.

Various Australian states and territories provide incentives in the forms of tax offsets and direct financial support to encourage productions to locate to those jurisdictions. A production that accesses any state and territory incentives may also apply for the Location Offset.

Most state and territory government support measures are provided as production investment, grants or rebates and do not impact on a production's QAPE. However, QAPE must only include expenditure that has been 'incurred'. If a state or territory government incentive means that you incur less production expenditure, it reduces your QAPE.

For example, where a state or territory provides an incentive through a payroll tax rebate (e.g. where the expenditure is incurred for the payroll tax and then a rebate is provided to the company) the QAPE includes the incurred costs including the state or territory payroll tax and the rebate has no effect on the QAPE claim. However, if the state or territory provides a payroll tax exemption then there is no incurred cost for state or territory payroll tax and it cannot be claimed.

Expenditure incurred in securing state or territory government incentives and support is considered to be financing expenditure and therefore is not production expenditure or QAPE.

2.5. Contribution to the broader workforce

Productions that commence principal photography or production of the animated image on or after 1 July 2023 are required to meet eligibility criteria that contribute to training opportunities or to the broader production and infrastructure capacity of the Australian screen sector.

Every production accessing the Location Offset must meet or exceed a minimum expenditure requirement on eligible training activities

A production may apply for an exemption if they invest in:

- a long-term structured training program; or
- permanent film and television infrastructure in Australia.

The minimum expenditure requirement, the long-term structured training program pathway and the infrastructure pathway are mutually exclusive. A production cannot meet the requirement by undertaking a combination of all three.

2.5.1 Minimum training expenditure requirement

The minimum expenditure requirements on eligible training activities as follows:

For productions that commence principal photography or production of the animated image between 1 July 2023 and 30 June 2024 - no minimum expenditure is required however, productions should be able to demonstrate they have undertaken training activity on the production in Australia.

For productions that commence principal photography or production of the animated image between 1 July 2024 and 30 June 2025 - expenditure of 0.5 per cent of QAPE, capped at \$250,000.

Total QAPE x 0.005 = minimum training expenditure requirement, or cap amount

For productions that commence principal photography or production of the animated image on or after 1 July 2025 - expenditure of 1 per cent of QAPE, capped at \$500,000.

Total QAPE x 0.01 = minimum training expenditure requirement, or cap amount

The Minister for the Arts can specify in regulations another percentage of QAPE and capped amount for the minimum training expenditure requirement that would apply to all applicants. The percentage cannot exceed 1 per cent of QAPE, or a cap of \$750,000. If the Minister for the Arts chooses to exercise this power, the new percentage of QAPE and capped amount will apply prospectively from the start of the next financial year.

This provision allows the Minister for the Arts to adjust the minimum training expenditure requirements up or down so that the amount productions contribute to the broader production and infrastructure capacity of the Australian screen sector remains appropriate. For example, if a significant event impacting the Australian screen sector occurs, such as a pandemic, then the minimum expenditure requirements could be adjusted accordingly.

Eligible training expenditure

For training expenditure to contribute towards meeting the threshold, it must be incurred by the applicant company and it must meet the definition of QAPE. The only exception to this is the payment/s to an eligible provider that applicants are making in the event they unexpectedly fall short of meeting the minimum training expenditure requirement (see below).

As the minimum training expenditure requirement is a percentage of QAPE, if a production's QAPE increases throughout the making of the film, so does the minimum training expenditure requirement amount the production must spend to be eligible to claim the offset. A production may have an unexpected cost increase towards the end of its activities in Australia, and it may not be feasible to increase training activities and expenditure at the required level to meet the increased minimum training expenditure requirement.

To help productions avoid becoming ineligible for the Location Offset in the event a production's costs overrun and where they cannot make up the shortfall through training activities on the production, that production can make a 'top-up' payment to meet the shortfall. However, the top-up payment must be:

- made to an eligible provider;
- not greater than 50 per cent of the production's total minimum training expenditure requirement;
- paid after principal photography has commenced in Australia but before the making of the film ceases or the production ceases incurring QAPE (whichever is earlier).

Example: A production with an anticipated QAPE spend of \$30 million commences filming in Australia on 20 July 2026. It is required to spend 1 per cent of its QAPE on eligible training activities in Australia which equates to \$300,000. The production commences with training activities taking place during filming and the expenditure calculated to meet the \$300,000 requirement. The budget of the production then increases by \$4 million to \$34 million due to change orders altering the scope of work for the post, digital and visual effects being undertaken in Australia. This means the minimum training expenditure requirement increases by \$40,000 to \$340,000 (1 per cent of \$34 million). In the event there is no training taking place during post production and no ability for the production to undertake training activities to make up the unexpected shortfall, in this case, the production pays \$40,000 to an eligible training provider to meet its minimum training expenditure requirement.

Test: Is the payment to Australian government training organisation equal or less than 50 per cent of total minimum training expenditure requirement (\$340,000*50 per cent = \$170,000). In this case production has met its minimum training expenditure requirement and meets the eligibility criteria because the top-up payment to the eligible training provider is less than \$170,000.

While the payment must be incurred by the applicant company before the completion of the film so it can contribute to the production meeting its minimum training expenditure requirement, as it is not expenditure that is related to goods or services provided in Australia on the applicant production, it is not considered QAPE.

An eligible provider is defined as an entity that either:

- offers tertiary courses in screen production; or
- is an NVR registered training organisation (within the meaning of the National Vocational Education and Training Regulator ACT 2011) that offers VET accredited courses (within the meaning of that Act) in screen production.

Please note that, while applicants are restricted to top up payments that total no more than 50 per cent of the total minimum training expenditure requirement to an eligible provider, this does not restrict productions from working with those same eligible providers to deliver all training during the making of the production in Australia.

For productions that incur expenditure in foreign currency, the QAPE figure that is used for the purposes of meeting the expenditure threshold is also the QAPE figure used to determine the minimum expenditure requirement on eligible training activities.

Productions looking to meet the contribution to the broader workforce requirement through the minimum training expenditure requirement can apply for a provisional certificate, however, it is not a requirement.

Eligible activities

An eligible training activity is defined as training or education provided in Australia that contributes to the knowledge, skills or experience of an individual in relation to the making of a film.

Training activities can include, but are not limited to:

- paid attachments and traineeships on the applicant production;
- cast and crew training for production related activities such as physical and mental health and safety training, first aid, security and cultural sensitivity training; and
- training related costs such as office space and equipment hire.

Activities such as induction and entry-level positions are not automatically classified as training activities. Training activity refers specifically to opportunities that equip participants with transferable skills applicable across multiple roles or workplaces.

While expenditure on general training activities for crew may contribute to meeting the minimum expenditure threshold, productions should aim to engage participants to undertake specific training on the production across entry level, mid-career and upskilling positions and across a range of roles, particularly areas where Australia is experiencing skills shortages.

To demonstrate expenditure has occurred on training activities of individuals, applicants will need to provide a details and outcomes for each participant as part of an application for final certification.

The Location Offset Glossary provides detailed information on what training activities are eligible to count towards this requirement.

2.5.2. Long-term structured training program

The long-term structured training program is designed to encourage quality, ongoing training that supports capacity building in the broader Australian screen sector.

A training program is defined as a structured program providing training to screen workers that has or will contribute to the making of two or more productions in Australia.

A training program can only include productions that commence principal photography or production of the animated image on and after 1 July 2024.

As part of final certification, applicants will be required to complete a report on the training activities undertaken as part of the program on that particular production and its outcomes. It is expected that participants who undertake training on a Location Offset production will receive a credit.

Eligibility of a long-term structured training program

For the training program to meet the eligibility criteria it must be a structured program that trains one or more individuals on the production that intends to access the Location Offset. All or part of the training on the program must be undertaken by the individuals during the period when they worked on the making of the relevant film.

An eligible training program must be able to demonstrate it has, or will, materially contribute to the making of at least two productions in Australia. One of these productions must be the film that intends to access the Location Offset.

An applicant's training program must materially contribute to alleviating capacity constraints in the Australian screen industry. Factors that are considered when determining if your production has met this criterion include:

- mentoring, industry partnerships and work experience placements facilitated by the training program;
- skills shortages in the Australian screen industry that are addressed by the training program;
- activities connected with the training program contribute to improvements in health and safety, diversity and inclusion in the Australian screen industry;
- any matters specified in Rules, including those related to the above matters.

A long-term structured training program can only be established by organisations that have control over or can maintain oversight of productions that the training program is to be delivered through e.g. a film studio. This organisation should remain responsible for the long-term structured training program including granting approval to any production(s) outside of the organisation that may want to access it. While training providers can be hired to assist in the development and delivery of a long-term structured training program, it is unlikely they will be able to maintain a standalone long-term structured training program in its own right as there are limits to the control and oversight they have over production activity. The applicant company or an associate of the company, must be the company that has incurred expenditure that is for, or that is reasonably attributable to, the training.

For more information on developing a training program to meet the eligibility criteria under the Location Offset, see [Training and Infrastructure](#). We also strongly encourage applicants to contact the Screen Incentives Section before commencing filming in Australia.

Recommended Provisional Process

If a production intends to meet the training requirement through a long-term structured training program, it is recommended you apply for *Provisional Certification – Training*. Applying for *Provisional Certification – Training* allows for consideration of the proposed training program before it is established.

The application should be completed by the company that will develop the training program and should identify what productions will be seeking to be associated with it and who will deliver the training. Alternatively, if there is more than one company associated with developing the training program, a single coordinator may apply to *Provisional Certification – Training* on their behalf.

The *Provisional Certification – Training* application is assessed by the Film Certification Advisory Board.

Holding *Provisional Certification – Training* is not a guarantee of meeting the eligibility criteria for the Location Offset at final certification. A production must demonstrate it has carried out, or attempted to carry out, the training activities that the training program aims to undertake on each production. Applicants will do this through completing a training report that forms part of the final application.

If an applicant cannot deliver the training activities identified in the long-term structured training program, they should contact the Screen Incentives Section to discuss. If the training that is able to be delivered is deemed to not meet the requirements specified in the legislation, the applicant may be required to meet the eligibility criteria through the minimum expenditure pathway.

2.5.3 Infrastructure

A production may meet its contribution to the broader workforce requirement by establishing permanent film and television infrastructure in Australia.

Infrastructure must be permanent and provide an ongoing benefit for the Australian screen sector. Equipment and set builds, for example are not considered infrastructure. Infrastructure refers to buildings or other physical structures that can be used in the making of films and can include upgrades to existing infrastructure.

While a production may meet its contribution to the broader workforce requirement by establishing permanent film and television infrastructure in Australia, it is possible that expenditure related to this will not meet the definition of QAPE.

In order to meet the contribution to the broader workforce requirement through investment in infrastructure, the following will be considered:

- **Permanent** – the new infrastructure must screen production related and be available for use by future productions,
- **Reasonable in scale and cost** – the new or upgraded infrastructure must be relative to the size, budget and capabilities of the establishing production,
- **Reasonably located** – the new or upgraded infrastructure must be a location appropriate to the needs of the Australian screen industry, and
- **Contribution** – whether the new or upgraded infrastructure will alleviate capacity constraints in the Australian screen industry.

At least some of the establishment or upgrading of film infrastructure must occur after principal photography has commenced but does not need to be completed when production ends. However, any new or upgraded infrastructure must be finished within a reasonable period of time after principal photography finishes.

Depending on what is being proposed and delivered, it may be appropriate for more than one production to meet its contribution to the broader workforce requirement through association with an infrastructure project.

As part of final certification, applicants will be required to complete a report on the infrastructure projects progress and outcomes. As part of the assessment of the infrastructure project it must demonstrate it will or has contributed to alleviating capacity constraints in the Australian screen sector.

For more information on investing in infrastructure to meet the eligibility criteria under the Location Offset, see [Training and Infrastructure](#).

Recommended Provisional Process

If a production intends to invest in permanent infrastructure in Australia to meet the contribution to the broader workforce requirement, it is recommended you apply for *Provisional Certification – Infrastructure*. This allows for consideration of the proposed infrastructure project before it is established or work commences.

The company that applies for *Provisional Certification – Infrastructure* should be the company that can provide information on the infrastructure project and what productions will be seeking to be associated with the infrastructure project. The *Provisional Certification – Infrastructure* application is assessed by the Film Certification Advisory Board.

Holding *Provisional Certification – Infrastructure* is not a guarantee of meeting the eligibility criteria for the Location Offset at final certification. Applicants must be able to demonstrate how the infrastructure has contributed to alleviating capacity constraints in the Australian screen sector and will do this through completing a final infrastructure report as part of the final application. While it is possible investment in infrastructure that is still to be built may be deemed by the Film Certification Advisory Board to meet this eligibility criteria, generally infrastructure must be complete for it to meet the eligibility criteria.

2.6. Post, digital and visual effects

To be eligible to access the Location Offset, a production must use one or more Australian providers to deliver post, digital and/or visual effects for the production.

The provider/s can be an Australian company or Australian individual operating as a sole trader. The Australian company or Australian individual operating as a sole trader providing the post, digital and/or visual effects services on the production can be a related party to the applicant company. However, arrangements must still reflect a legitimate arm's length arrangement.

There is no minimum expenditure that applicants must spend on PDV activities in Australia, only that the Australian company or Australian individual operating as a sole trader carries out eligible PDV activities on the production.

Activities that qualify as post, digital and/or visual effects are defined under the PDV Offset. To meet the Location Offset eligibility requirement, a company must be contracted to carry out PDV production in Australia and not just to deliver goods or services that are only eligible when they relate to PDV activity. Overheads are never considered an eligible activity to meet this requirement as they are not and do not relate to PDV activity.

Post, digital and visual effects activities undertaken in Australia may be claimed as QAPE under the Location Offset.

At final certification, applicants will be required to report on these activities and provide details of the PDV provider and a breakdown of expenditure broken up into the following:

- Provider Name
- Picture:
 - Dailies and/or data management
 - Picture post
 - Title design
- Music:
 - Music Supervision
 - Score
- Sound Post
- VFX
- Other – please detail.

2.7. Productions which commenced before 1 July 2023

There have been major legislative changes to the Location Offset since its introduction in 2007. Productions that commenced principal photography before 1 July 2023 should contact the Screen Incentives Section at filmenquiries@arts.gov.au.

3. Application and process

Before applying for the Location Offset, applicants are advised to read these guidelines, the Location Offset Glossary, the Application Form, the ITAA97 and the [Location Offset Rules](#) carefully.

Information that must be provided when applying to the Location Offset is provided for under the Location Offset Rules. In addition, the function and procedures of the Film Certification Advisory Board (the Board) are established by the [Film Certification Advisory Board Rules 2018](#).

3.1. Provisional application

You may apply for a provisional certificate before production commences or during production. A provisional certificate indicates eligibility and the extent to which elements of projected expenditure on a production may be counted towards QAPE. The Film Certification Advisory Board is responsible for issuing provisional certificates.

Applying for a provisional certificate is not a requirement for final certification. If you are intending to utilise the long-term structured training program or infrastructure pathway, it is highly recommended that you apply for either *Provisional Certification – Training* or *Provisional Certification – Infrastructure* before the production commences.

3.1.1 Provisional application form

The Provisional Application Forms are available at [Screen Incentives](#).

In general, all the eligibility requirements for the Location Offset as described in Part 2 of these guidelines apply to the assessment of a provisional certificate, however in some cases the information may be based on intentions or best estimates, such as to the likely production expenditure and QAPE.

The extent to which eligibility of QAPE can be assessed is dependent on the information provided by the applicant.

3.1.2 Eligible applicants

A company is eligible to apply for provisional certification for the Location Offset if it is:

- an Australian resident, or is a foreign resident with a permanent establishment in Australia and an active ABN, and
- is carrying out, or is making arrangements for carrying out, all activities that are necessary for the making of the film in Australia.

If the applicant company has taken over responsibility for the production from a previous company this must also be noted, with the relevant legal agreement attached to your application and documentation establishing the production company.

If the production company is yet to be established you must indicate the level of responsibility that the production company will have for the making of the production and whether the production company will be an Australian company or a foreign company with a permanent establishment and an ABN.

3.1.3 Assessment

Applications are assessed by the Film Certification Advisory Board. The Department, on behalf of the Board, may contact you to confirm or provide additional information to assist with the assessment of your application. The Board may also ask an Independent Film Production Consultant (IFPC) to assess an application. Requests for additional information to inform the Board's decision about whether to issue a provisional certificate must be responded to within the timeframe specified in the request.

During the assessment of provisional applications, it is usual practice for applicants to be advised if any projected budget items would not be eligible as production expenditure or QAPE.

3.1.4 Notification

The process of assessing the application, including consideration by the Board, will take approximately 10 weeks following receipt of all necessary attachments and information.

In accordance with the Location Offset Rules the Film Certification Advisory Board will issue you, or decline to issue you, with a provisional certificate.

If the Board doesn't intend to issue a provisional certificate, and has used third party information or a report from an independent film production consultant, you will be given the opportunity to comment on the report. You have 28 days to respond or request an extension of time. If a response is not received in 28 days or any agreed extension, the Board can refuse to issue a provisional certificate.

A provisional certificate will state that, based on the information and projected budget presented in the application, the proposed production would meet, or is likely to meet, the eligibility requirements in relation to the Location Offset. The Board may also include conditions on the provisional certificate.

A production that holds a provisional certificate is not guaranteed to qualify for the Location Offset and must apply for final certification once QAPE has ceased to be incurred. The assessment of projected QAPE at the provisional stage does not bind a decision regarding eligibility for final certification as all details of a final application will be assessed based on the information presented at the final certificate stage.

The Board may decide not to issue a provisional certificate if the production does not meet, or is unlikely to meet, the eligibility requirements under the ITAA97, or if the application does not include enough information to enable an assessment. If a certificate is not issued the Board will provide written notice of the reasons within 28 days of the decision. A decision not to issue a provisional certificate for a production does not prevent a production company from applying for a final certificate in relation to that production.

3.2. Final certification

The Minister for the Arts is responsible for issuing final certificates.

3.2.1 Application Form

Application forms are available at [Screen Incentives](#).

Applicants should review these Guidelines, the Location Offset Glossary and the Application Form before the start of production to ensure that all required information is recorded, and can be provided, in the formats required in the Application Form. Applicants are also encouraged to seek accounting advice, from an Australian production accountant, before the start of production in

Australia to ensure that expenditure records are appropriately documented and the relevant information can be extracted from the systems used.

It is vital that all sections of the form are completed and all relevant documents are attached. Applications will not be assessed until all information is received. This includes the final reporting obligations that come into effect for productions that commence principal photography or production of the animated image on or after 1 July 2023.

Applicants should be aware that for the assessment of a final application a substantial amount of material is required to support your application. You will be required to attach a range of documentation including copies of legal documents relating to, for example, the establishment of the applicant company, legal agreements to verify Australian-held copyright and confirmation of distribution and end-user arrangements. The required documents are detailed in the Application Form and the [Location Offset Rules](#).

Under the Location Offset Rules, the Board may request any additional information it deems necessary to provide advice to the Minister, or the Minister's delegate, about an application. For instance, where an application response is incomplete or unsubstantiated the Board may require the applicant, at the applicant's expense, to provide further information. This information must be provided within the requested time, although the applicant may write to the Board seeking an extension. If the required information is not provided the assessment may be progressed without further information from the applicant.

3.2.2 Final reporting obligations

Productions that commence principal photography or production of the animated image on or after 1 July 2023 are required to complete final reporting obligations as part of a Location Offset final certification application. These requirements are in addition to those you may need to provide on eligible training activities and expenditure on post, digital and visual effects in Australia.

The collection of this information will assist with measuring the effectiveness and benefits of the Location Offset to Australia. The questions cover employment on the production, the use of Australian service providers and businesses, filming locations and any other activities carried out by the production. The information is required to be submitted by uploading specifically formatted Microsoft Excel templates.

Applicants should familiarise themselves with the information required so this can be captured throughout the production. For details on the type of information that must be provided when applying for a final certificate and links to the reporting templates, see [Appendix A – final reporting obligations](#).

3.2.3 Digital declaration

Applicants to the Location Offset are required to make a digital declaration under Part B of Schedule 2 of the [Location Offset Rules](#). The declaration is on the final page of the application form.

The information provided in your application (and in any subsequent requests for additional information) will be used by the Department to administer the Location Offset. The *Taxation Administration Act 1953* imposes administrative penalties on any entity that makes a false or misleading statement, or takes positions that are not reasonably arguable, to the Commissioner of Taxation or another entity exercising powers or performing functions under a taxation law. When submitting information to support an application to the Location Offset, it will be deemed to be made as a tax declaration. Any such statement could attract substantial penalties under taxation laws.

3.2.4 Submitting your application

An application for a final certificate may be submitted at any time after the production has finished incurring QAPE.

Access to the Application Form is at [Screen Incentives](#).

3.2.5 Consideration by the Film Certification Advisory Board

Once an application has been received by the Department it will be provided to the Board. The Board's members are highly experienced Australian producers with expertise in screen production. The Board is chaired by a senior representative of the Department.

The Board will consider the application and provide advice to the Minister on whether the Board is satisfied that the production meets the requirements for certification under the ITAA97. This advice will inform the Minister's decision on whether to issue a certificate and on the level of QAPE.

The Board may request further information from an applicant if such information is required to assist its assessment of the application and preparation of its advice to the Minister. Requests for additional information must be responded to within the timeframe specified on the request.

3.2.6 Advice from an independent film production consultant

The Board may seek the advice of one or more Independent Film Production Consultants (IFPCs) including the:

- provision of an independent assessment of whether specific items claimed in an expenditure statement are reasonably attributable to production expenditure and QAPE;
- assessment of whether costs charged for specific items are made on an arm's length basis; and
- provision of advice on whether the applicant's expenditure is commercially reasonable.

The Department engages a number of IFPCs to provide services to the Film Certification Advisory Board. IFPC's are referred to as 'Independent Line Producers' in the [Location Offset Rules](#). IFPCs are highly skilled line producers and/or production managers with considerable experience in the Australia screen industry.

You should expect the application to be provided to an IFPC. This assessment will be undertaken on a strictly sensitive basis and the IFPC will be subject to a contractual duty of confidentiality.

The IFPC or Department may contact you for additional information to substantiate the information in the application and the QAPE claim. This information may be required to assist the IFPC's assessment and in order to provide advice to the Board. The IFPC may seek information on the process and methodologies adopted by the applicant, for example to show that the amounts claimed are in accordance with the legislation including the arm's length principle.

Requests for additional information must be responded to within the timeframe specified on the request. Delays in providing information will result in an extended assessment period or the assessment progressing to certification.

You will be given a copy of the IFPC report and have the opportunity to make a written submission to the Board in response to the report. Comments should be directed to the Board, through the Department. An applicant has 28 days to provide a written response to the report or request an extension to the timeframe. If a response is not received within the 28 day timeframe or any agreed extension, the Board may progress its advice to the Minister.

3.2.7 Film Certification Advisory Board advice to the Minister

The process of assessing the application, including consideration by the Film Certification Advisory Board, may take approximately 25 weeks following receipt of all necessary attachments and information. Failure to provide all relevant documents or additional information requested by the Board or the IFPC may result in the assessment process taking longer.

The Board will provide the Minister or the Minister's delegate with a written report on its assessment of the application against the requirements of the ITAA97.

The Minister or the Minister's delegate will consider the Board's report and make determinations on whether or not to certify the production and the level of QAPE.

3.2.8 Notification

After the application has been assessed and considered by the Board, it is provided to the Minister to consider whether to issue a certificate.

Where the Minister certifies a production for the Location Offset, the applicant company will be notified in writing of this decision. A certificate and a determination of QAPE will be issued.

Where the Minister refuses to issue a certificate the applicant company will be notified in writing of this decision (including reasons for the decision).

We are unable to provide a timeframe for this final step in the certification process.

3.2.9 Submission to the Australian Tax Office

Where a certificate is issued, the applicant company can claim the offset in its income tax return for the relevant income year. The relevant year is the year in which QAPE ceased being incurred.

The ATO will provide a tax offset or refund to the extent that the amount exceeds the amount of existing tax liabilities owed by the applicant company.

The ATO will not usually review either the requirements for the issue of a certificate or the determined amount of QAPE. However, if the ATO in the course of its assessment of an applicant's tax return finds evidence of fraud or serious misrepresentation, the ATO will advise the Minister who may then revoke the certificate. Further information is available on the ATO website at www.ato.gov.au.

If the Location Offset has already been paid by the ATO and a certificate is subsequently revoked, the ATO may commence recovery of the Offset as a debt.

3.2.10 Statement of reasons and appeal of decision

An applicant can request a statement of reasons for a decision by the Minister under section 268 of the [Administrative Review Tribunal Act 2024](#) and may also seek review of the decision by the Administrative Review Tribunal. A statement of reasons or review of a decision may be sought in relation to a:

- decision not to issue a certificate (that is, declining to certify a production),
- determination of the amount of QAPE, or
- decision to revoke a certificate (see below).

3.2.11 Revocation of a certificate

The Minister may revoke a certificate where satisfied that it was obtained by fraud or serious misrepresentation and will notify the applicant company in writing of this decision (including reasons for the decision to revoke the certificate). Revocation of a certificate may also take place if an applicant fails to provide the Minister with a copy of a completed production (outlined below).

The information provided to the Board (in an application or at its request) may be used for the purposes of the consideration of the revocation of a certificate.

As noted above, a statement of reasons may be sought in relation to a decision to revoke a certificate. Review of the decision by the Administrative Review Tribunal may also be sought.

3.2.12 Copy of the completed production

Once the production is completed, you must provide a copy of the completed production to the Minister, through the Department, within 30 days of completion. If the copy is not provided, the Minister may revoke any certificate issued. Applicants can provide a link to the production in the relevant field in the application form. If a password is required to access that link and view the production, this can be emailed to filmenquiries@arts.gov.au separately. Please note the Department cannot access links to streaming services.

Alternatively, a copy of the production on a PC formatted USB, or DVD (region 4 or unrestricted) or Blu Ray can be sent to the Department via post (the postal address can be found in the Contacts section).

The production's completion is defined as when the production material is in a state where it could reasonably be regarded as ready to be distributed, broadcast or exhibited to the general public (as detailed in ITAA97 section 376-55(2)).

If you are applying for the Location Offset before the production is completed, you should indicate the expected date of completion. Should the expected date of completion change at any time, you should advise the Department of the change, and briefly indicate the reason(s) for the delay.

It is not anticipated that the Minister will revoke a certificate on this ground without first contacting the applicant (although the Minister is empowered to do so). Should you have any concerns regarding either provision of an expected date of completion or a copy of the production, please contact the Department. The Department, acting as an agent for the Minister, will consider such concerns on a case-by-case basis.

3.3. Confidentiality

Please note that all information provided by the applicant will be held by the Department on a strictly commercial-in-confidence basis. Information will only be provided to the ATO, the Board and an IFPC as required. In some circumstances to allow administration of the three offsets available under the ASPI some information may be exchanged between the Department and Screen Australia.

All bodies that are privy to confidential information will be bound by Australian Government confidentiality provisions which treat all such information as sensitive and, where appropriate, will be subject to contractual duties of confidentiality.

Some information captured through the final reporting obligations may be released publicly in an aggregated form. No information will be released in a format where an individual production could be identified or where the release of that information would breach tax secrecy.

The Department may be legally required to release information provided by applicants in certain circumstances, for example, under the *Freedom of Information Act 1982*. In processing a request under the *Freedom of Information Act 1982* the Department may consult the relevant applicant before a decision on the release of documents containing commercial information being made.

4. Contacts

The Screen Incentives Section can be contacted at:

Email: filmenquiries@arts.gov.au

Tel: +61 2 6136 8012

Web: www.arts.gov.au

Screen Incentives Section

Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

GPO Box 594

Canberra ACT 2601

Australia

For information about taxation and the other obligations of companies commencing business in Australia, registering for an ABN, filing business activity statements and annual income tax returns, please consult the ATO website at www.ato.gov.au.

Alternatively, the ATO enquiry line for businesses is: +61 132866 (or +61 137286 for tax agents).

5. List of acronyms and abbreviations

ABN—Australian Business Number

ASPI – Australian Screen Production Incentive

ATO—Australian Taxation Office

Board—the Film Certification Advisory Board

Classification Act—*Classification (Publications, Films and Computer Games) Act 1995*

Department—the Department Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

FBT—Fringe Benefits Tax

GST Act—*A New Tax System (Goods and Services Tax) Act 1999*

GST—Goods and Services Tax

IFPC—Independent film production consultant

ITAA36—*Income Tax Assessment Act 1936*

ITAA97—*Income Tax Assessment Act 1997*

Location Offset Rules—Location Offset Rules 2018 and Location Offset Amendment Rules 2024

Minister—the Minister for the Arts

PDV—Post, Digital and Visual Effects

QAPE—Qualifying Australian Production Expenditure

Appendix A—final reporting obligations

As part of a Location Offset final certification application, applicants will be required to provide information about the production's activities and details about who was employed on the production in Australia. Information is requested in a set of excel templates which applicants should complete and upload in SmartyGrants as part of completing an application form.

The details requested may change over time depending on what information the Australian Government is seeking so it can understand the impact of large-budget productions that film in Australia. Any changes will be communicated through the department's website and direct email to applicants.

The final reporting is only required as part of a final application, this information is not requested as part of a provisional application. All excel templates for reporting can be found here [Location Offset Final Reporting | Office for the Arts](#). Please do not change or alter the templates.

Demographics

Applicants must provide information on demographics for all crew, cast and extras who worked on the production in Australia. This information needs to be broken down into specific categories in addition to being converted into full-time equivalent figures.

To provide this information, applicants must upload a completed Final—[Demographics excel template that can be found here](#).

To assist with calculating the full-time equivalent figures, a [calculation tool has been developed which can be found here](#).

Applicants may not be able to provide some of demographic details requested as employees on the production may not volunteer this information. In these circumstances, applicants should contact the Screen Incentives Section filmenquiries@arts.gov.au.

Locations

Applicants must provide residential information for all crew, cast and extras who worked on the production. This information is to be broken up into state/territory based on where the employee permanently resides.

To provide this information, applicants must upload a completed Final Reporting—[Employee Locations excel template that can be found here](#).

Businesses / Vendors

Applicants must provide a list of each business / vendor that worked on the production in Australia, the address of the business / vendor, a short description of the goods/equipment/facilities/services provided by the business / vendor to the production and total paid to the business / vendor.

To provide this information, applicants must upload a completed Final Reporting—[Business Vendor excel template that can be found here](#).

Production Activity

Applicants must provide the locations in Australia where principal photography or animation activity took place. In addition, applicants are asked to list any locations that are regional or remote. If you are unsure if the location is classified as regional or remote, please list it.

To provide this information, applicants must upload a completed Final Reporting—[Production Activity excel template that can be found here](#).

Other activities in Australia

Applicants are asked if there are any other activities associated with the production while in Australia that had a positive benefit for the local industry, community or nationally. Examples of activities include engaged with Traditional Owners, tourism initiatives or green / sustainable production practices.

To provide this information, applicants are able to complete a written summary of any activities or upload relevant documents or information.