

TREASURY RESPONSE TO QUESTION ON NOTICE ON SCHEDULE 1

At this morning's hearing of the House Economics Committee into the Tax and Superannuation Laws Amendment (2013 Measures No. 2) Bill 2013, Treasury undertook to provide to Mr Steven Ciobo MP the Tax Expenditure Statement (TES) data in relation to the Producer Tax Offset for Australian expenditure in making Australian films.

The attached pdf provides the TES data for the film tax offsets. The data is not disaggregated as it is for all three film tax offsets.

Regards,

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*Tax Expenditures Statement***B35 Refundable Film Tax Offset payments**

Recreation and culture (\$m)							
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
17	38	36	32	55	62	60	48
<i>Tax expenditure type:</i>	Exemption				<i>2011 TES code:</i>	B34	
<i>Estimate Reliability:</i>	Medium — Low						
<i>Commencement date:</i>	2001				<i>Expiry date:</i>		
<i>Legislative reference:</i>	Division 376 of the <i>Income Tax Assessment Act 1997</i>						

Film production companies incurring expenditure on certain productions in Australia may be eligible for refundable tax offsets. The tax offsets are the location offset, the producer offset and the post, digital and visual effects (PDV) offset. The refundable tax offsets are paid directly to the producers through the tax system. A production company can claim no more than one of the film tax offsets for each film.

Under the location offset, producers of qualifying large scale films which commenced principal photography or production of the animated image in Australia prior to 10 May 2011 are eligible to receive a refundable tax offset of 15 per cent of qualifying Australian production expenditure (QAPE). Producers of qualifying large scale films which commenced on or after 10 May 2011 are eligible to receive a refundable tax offset of 16.5 per cent of QAPE.

The producer offset enables producers of qualifying Australian films to receive a refundable tax offset of 40 per cent of QAPE incurred on a feature film, or 20 per cent of QAPE incurred on productions that are not feature films, for QAPE incurred on or after 1 July 2007.

Under the PDV offset, companies engaged in PDV work commencing in Australia prior to 1 July 2011 are eligible to receive a refundable tax offset of 15 per cent of QAPE. Companies engaged in PDV work on or after 1 July 2011 are eligible to receive a refundable tax offset of 30 per cent of QAPE.