

NEW ZEALAND'S SCREEN PRODUCTION GRANT SCHEME

SUMMARY OF LARGE BUDGET SCREEN PRODUCTION & PDV GRANT CRITERIA

Since November 2003, the New Zealand Government has offered production companies filming a large budget production in New Zealand an incentive known as the Large Budget Screen Production Grant (**LBSP** Grant or the Grant). Effective 16 July 2007, the Grant has been enhanced and extended to post, digital and visual effects production (**PDV** Grant).

The Grant's value now 15%

Effective 16 July 2007, the value of the Grant is increased to 15% of qualifying expenditures (previously 12.5%). This increased value applies only to production expenditures incurred as of that date.

Eligible Productions

The Grant continues to apply to screen productions in the following formats: feature film, television movie (drama) and television drama series or mini-series.

Large Budget Screen Production (LBSP) Grant

Eligible productions may access the Grant where the Qualifying New Zealand Production Expenditure (QNZPE) reaches the following thresholds:

- ▶ QNZPE must be at least NZ\$15 million. QNZPE is generally defined as the production expenditure incurred for, or attributable to: goods and services provided in New Zealand; the use of land located in New Zealand; and the use of a good that is located in New Zealand at the time that good is used in the making of the screen production. (Note: QNZPE does include costs of all cast and crew while in New Zealand.)
- ▶ In the case of television series, individual episodes which have completed principal photography within any 12 month period and with a minimum average spend of NZ\$500,000 per commercial hour, may be bundled to achieve the total of NZ\$15 million.
- ▶ Productions commencing as of 16 July 2007 are no longer required to ensure that the value of QNZPE between NZ\$15 million and NZ\$50 million must represent at least 70% of the total production expenditure.

- ▶ Productions commencing as of 16 July 2007 may be bundled together to qualify for the Grant where:
 - ▶ QNZPE for the bundle is at least NZ\$30 million;
 - ▶ QNZPE on individual productions included in the bundle is at least NZ\$3 million;
 - ▶ Productions included in the bundle have completed principal photography within a 24 month period; &
 - ▶ The applicant for each production included within the bundle is related to each other applicant by having 50% or more shareholding in common.

Post, Digital & Visual Effects Production (PDV) Grant

Eligible productions commencing as of 16 July 2007 and undertaking only post, digital & visual effects (PDV) work may access the Grant where:

- ▶ QNZPE for a single production is between NZ\$3 million and NZ\$15 million.
- ▶ The QNZPE is spent or is necessarily related to the PDV activities listed in the criteria.
- ▶ PDV productions may be included in a bundle where the applicants meet the requirement related to shareholding in common.

Annex 1 of the criteria lists PDV production activities; all costs relating to motion capture and animation activities are included in qualifying PDV expenditure even if they are incurred during the principal photography stage of production.

To download full criteria, FAQs and application form, visit our website www.filmnz.com



Grant Administrative Provisions

Improved administrative provisions are introduced effective 16 July 2007.

Where a production's ability to reach the QNZPE NZ\$15 million threshold or the NZ\$30 million bundle threshold may be at risk from future exchange rate fluctuations, an application for the sole purpose of determining QNZPE eligibility may be submitted to New Zealand Film Commission (NZFC) as administrator of the Grant. Such applications must be submitted no earlier than 90 days prior to the start of principal photography and will enable the production to use the exchange rate relevant on the date such application is received for the purpose of determining Grant eligibility. However, in such cases, the value of the Grant will still be calculated on the actual QNZPE incurred.

Grant applications may be submitted before completion of the production under the following circumstances:

- ▶ each time a production reaches QNZPE of NZ\$50 million; or
- ▶ within the NZ\$30 million bundle threshold, on completion on the first individual production that meets the QNZPE of NZ\$15 million; or
- ▶ on completion of the QNZPE applicable to the eligible production (both LBSP and PDV).

But in any event, the application must be submitted no later than 90 days after the completion of the production.

Applicants must be either:

- ▶ A New Zealand resident company; or
- ▶ A foreign corporation operating with a fixed establishment in New Zealand for the purposes of lodging an income tax return (both when it lodges the Grant application and when the Grant is paid).

An applicant seeking the Grant will not be eligible for any other New Zealand Government film finance or tax incentives in relation to screen production.

Payment of the Grant will be dependent on the Inland Revenue Department verification of the audited information provided to the NZFC. Provided that the application for expenditure is complete and verified, the NZFC will endeavour to approve payment within 3 months of application. The Ministry of Economic Development will make payment of the grant upon advice from the NZFC.

For further information on the criteria and the grant application process contact:

The Manager
LBSPG
New Zealand Film Commission
PO Box 11-546, Wellington 6142
New Zealand

Phone +64 4 382 7680 **Email** LBSPG@nzfilm.co.nz

www.filmnz.com

