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| **EXPOSURE DRAFT** |

Inserts for

Treasury Laws Amendment (Measures for a later sitting) Bill 2021: Film tax offsets

| Commencement information |
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| Column 1 | Column 2 | Column 3 |
| Provisions | Commencement | Date/Details |
| 1. Schedule X | The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent. |  |

Schedule X—Film tax offsets

Income Tax Assessment Act 1997

1 Paragraph 376‑2(3)(a)

Repeal the paragraph, substitute:

 (a) the amount of the producer offset is:

 (i) if the film is a feature film that was produced for commercial exhibition to the public in cinemas—40% of the company’s qualifying Australian production expenditure on the film; and

 (ii) otherwise—30% of the company’s qualifying Australian production expenditure on the film; and

2 Paragraph 376‑45(5)(a)

Omit “$500,000”, substitute “$1 million”.

3 Paragraph 376‑55(2)(a)

Omit “not a series or a season of a series”, substitute “not covered by paragraph (b) or (c)”.

4 Paragraphs 376‑55(2)(b) and (c)

After “series”, insert “other than a drama series”.

5 Paragraphs 376‑60(a) and (b)

Repeal the paragraphs, substitute:

 (a) if the \*film is a \*feature film that was produced for commercial exhibition to the public in cinemas—40%; or

 (b) otherwise—30%;

6 Subparagraph 376‑65(2)(b)(i)

Before “exhibition”, insert “commercial”.

7 Subparagraph 376‑65(5)(a)(iii)

Before “the series”, insert “in the case of a series other than a drama series—”.

8 Subparagraph 376‑65(5)(b)(iii)

Before “the series”, insert “in the case of a series other than a drama series—”.

9 Subsection 376‑65(6) (table item 1)

Repeal the item, substitute:

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| 1 | A \*film that is \*feature‑length | $1 million | not applicable |

10 Subsection 376‑65(6) (cell at table item 2, column headed “For this type of film ...”)

Repeal the cell, substitute:

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| A single episode program that:(a) is not a \*documentary; and(b) is not \*feature‑length |

11 Subsection 376‑65(6) (cell at table item 3, column headed “For this type of film ...”)

Repeal the cell, substitute:

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| A single episode program that:(a) is a \*documentary; and(b) is not \*feature‑length |

12 Section 376‑135 (cell at table item 4, column headed “except to the extent to which the expenditure is ...”)

Repeal the cell.

13 Subsection 376‑150(1) (at the end of the cell at table item 2, column headed “Type of expenditure”)

Add:

 [see subsection (3)]

14 At the end of section 376‑150

Add:

 (3) Expenditure incurred by the company to acquire copyright, or a licence in relation to copyright, is covered by item 2 of the table in subsection (1) only to the extent to which it does not exceed 30% of the total of all the company’s \*production expenditure on the \*film.

15 Subsection 376‑165(1)

Omit “(1)”.

16 Subsection 376‑165(1) (table item 1)

Repeal the item.

17 Subsection 376‑165(2)

Repeal the subsection.

18 Subsection 376‑170(2) (table item 1)

Repeal the item.

19 Subsection 376‑170(2) (cell at table item 2, column headed “Type of expenditure”)

Repeal the cell, substitute:

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| *Travel to Australia and other countries*expenditure of the company in relation to an individual’s travel to Australia to undertake activities in relation to the \*making of the \*film. |

20 Subsection 376‑170(2) (table item 4)

Repeal the item.

21 Subsection 376‑170(2) (table item 7, column headed “Type of expenditure”, paragraph (c))

Omit “re‑versioning”, substitute “the first re‑versioning of”.

22 Subsections 376‑170(3) and (3A)

Repeal the subsections.

23 Paragraph 376‑170(4)(b)

Omit “subject to subsection (4A),”.

24 Paragraph 376‑170(4)(c)

Omit “for a series or a season of a series”, substitute “for a series other than a drama series, or a season of a series other than a drama series”.

25 Subsection 376‑170(4A)

Repeal the subsection.

26 Subsection 995‑1(1) (definition of *feature film*)

Repeal the definition, substitute:

***feature film*** includes a \*film that is an animated feature film, but does not include a film that is not \*feature‑length.

27 Subsection 995‑1(1)

Insert:

***feature‑length***: a \*film is ***feature‑length*** if:

 (a) if the film is a large format film—the film is at least 45 minutes in duration; and

 (b) otherwise—the film is at least 60 minutes in duration.

28 Application of amendments

The amendments made by this Schedule apply:

 (a) in respect of the tax offset under section 376‑10 (the location offset) or the tax offset under section 376‑55 (the producer offset)—to films commencing principal photography on or after 1 July 2021; and

 (b) in respect of the tax offset under section 376‑35 (the PDV offset)—to films commencing post, digital and visual effects production on or after 1 July 2021.