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Film Relief

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Film Relief

Section 481 “film relief” provides a payable tax credit of 32% on Irish eligible expenditure on TV and film production.

Summary of the relief

The incentive is structured as a payable corporation tax credit to a “producer company” in respect of certain eligible expenditure incurred by an Irish subsidiary known as a “qualifying company”. The value of the Section 481 tax credit is 32% of the lower of:

- 80% of the total cost of production;
- The cost of production incurred in Ireland; and
- €70,000,000.

What is a “producer company”?

A “producer company” is a company that:

- is tax resident in Ireland, or is an European Economic Area (EEA) tax resident company which is trading in Ireland through a branch or agency;
- has carried on a trade of producing films for at least 21 months prior to making an application to Irish Revenue;
- is not a broadcaster or connected to a broadcaster; or
- has filed the required tax returns with Revenue for the qualifying period preceding the application.

What is a “qualifying company?”

The “qualifying company” is a special purpose company incorporated and resident in Ireland set up to produce one qualifying film. The “qualifying company” must be a wholly owned subsidiary of the “producer company”.

What is “eligible expenditure”?

Eligible expenditure is defined as spend incurred by the “qualifying company”:

- on individuals employed by the qualifying company for the purposes of the production of a qualifying film; or
- on goods or purchased from a business which operates from a fixed place of business in Ireland.

Where the “qualifying company” makes a payment to a self-employed individual and that individual provides only labour, this expenditure will also be eligible expenditure where the payment relates to activities performed in Ireland.

What kind of projects qualify for the credit?

The following types of projects will qualify if produced on a commercial basis with a view to realise profit:

- a feature film;
- a TV drama series;
- an animated film or TV series; and
- certain documentaries.

The qualifying film produced must be made for exhibition to the public either in a cinema or on TV.

Payment of the tax credit

There are two options available when claiming payment of the Section 481 tax credit:

1. Payment by instalments; or
2. A single payment on completion

1. Payment by instalments

First instalment – a maximum payment of 90% of the Section 481 tax credit amount following the submission of a Section 481 application and where one of the following criteria are met:

- The Irish Film Board (IFB) as a funder of the project advises Irish Revenue to release payment;
- It is confirmed that there is a surety bond in place; or
- Confirmation from a solicitor or chartered account that the project is funded and that 68% of the eligible expenditure has been made available to the production.

Second instalment – the balance of the tax credit is paid within 30 days of the submission of a full compliance report as provided for in the Film Regulations 2015 (i.e. after full project delivery has taken place).

2. Payment on completion

If the Section 481 tax credit is not paid in instalments, it will be approved and paid within 30 days of submission of a full compliance report to Revenue as set out in the Film Regulations 2015 (i.e. following project delivery). The payment is claimed by the production company amending its corporation tax return for the accounting period prior to the application for the credit. The credit is treated as an overpayment of corporation tax and is first offset against any outstanding tax liabilities of the production company. The excess should be received within seven days of the submission of the return, provided all compliance requirements have been met.

Additional note

In certain cases, a 20% withholding tax must be operated by claimant companies on payments to actors not resident in the EU or EEA.

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