

**FREQUENTLY ASKED QUESTIONS (FAQs)**  
**New Zealand Screen Production Grant (NZSPG)**  
**INTERNATIONAL PRODUCTIONS - 1 JULY 2017 (UPDATED 2019) CRITERIA**

It is important that you read the [NZSPG Criteria for International Productions dated 1 July 2017 \(Updated 2019\)](#) before reading these FAQs. If there are any conflicts between these FAQs and the Criteria, the Criteria takes precedence. These FAQs are intended to help you interpret the Criteria only and are non-binding. Accordingly, the New Zealand Film Commission (NZFC) does not accept any responsibility for errors or misstatements in these FAQs.

## **14-DAY RULE**

*How is the 14-day rule applied to crew who work on the production?*

Remuneration – meaning contractual entitlements to fees, accommodation, per diems, childcare and other allowances – for non-New Zealand Resident crew can be claimed as QNZPE, provided that crew member works on the production for at least 14 days in total. This period does not include any days off. For example, a 5-day shoot plus 2 days off count as 5 days.

## **5% UPLIFT**

*Where do I get a 5% Uplift Initial Application Form?*

Application for the 5% Uplift is by invitation only. The 5% Uplift Initial Application Form will be provided to applicants with their invitation.

## **ABOVE THE LINE COSTS**

*What expenditure counts as an Above The Line cost?*

Expenditure incurred prior to official pre-production on development of the production (e.g., on location surveys, storyboarding and research) is an Above The Line cost.

The travel costs and contractual entitlements to fees, accommodation, per diems and other allowances of the writer(s), director(s), producer(s), and lead cast are also above the line costs.

Costs that meet the definition of an Above The Line cost will be assessed as such, regardless of where these costs are shown in the production's budget and regardless of what the cost is called. Please note that Above The Line Costs are subject to the cap outlined in **Clause 17.4(o)**.

*How do I calculate the Above The Line cap?*

Use the following steps to calculate what Above The Line costs you can claim as QNZPE (they are capped at 20% of total QNZPE):

1. Deduct the claimed Above The Line cost from the total QNZPE (this is the "adjusted amount").
2. Divide the **adjusted amount** by 80 then multiply by 20. This then represents the maximum Above The Line Costs that can be claimed as QNZPE. Above The Line costs in excess of this amount will not qualify as QNZPE.

If you are unsure how to calculate this cap, you can [contact the Incentives Executive](#) at the NZFC.

## **ACCOUNTING SYSTEMS**

*Do I have to use a particular accounting system?*

No, but your accounting system should be one that is recognised and commonly used for production accounting. It needs to be set up in such a way to enable you to track and code all items of expenditure with reference to QNZPE and non-QNZPE in New Zealand dollars.

*Is the cost of licensing accounting software QNZPE?*

The cost of licensing accounting software can be QNZPE if the copyright in the software is or was owned by a person or company that is a New Zealand resident for tax purposes (a “New Zealand Resident”), or the software was created in New Zealand for use in the production.

For example: My Digital Accounting Entertainment Solutions (MydaEs) cannot be claimed as QNZPE, because the copyright is owned by an Australian company. The cost of licensing Xero accounting software can be included as QNZPE, because copyright in the software is owned by a New Zealand Resident company.

## ACCRUALS

*Can I include accrued expenditure in QNZPE?*

No, all QNZPE must have been incurred and paid at the time of Final application.

*Can non-cash payments be treated as QNZPE?*

No, for the purposes of the NZSPG scheme, only costs paid in cash can be included in QNZPE. In-kind payments or similar do not qualify.

## APPLICATIONS

*Who can apply?*

The applicant must be the entity responsible for all activities involved in making the production in New Zealand, or for the Post, Digital and Visual Effects (PDV) Grant, all PDV Activity in New Zealand. Only one entity per production is eligible for the Grant. The entity must also be a Special Purpose Vehicle (SPV) unless it falls within one of the exceptions, as per the requirements set out in **Clause 12** of the Criteria.

*How long will it take to process my application?*

Provided all required information is included with your application, the NZFC will process applications as follows:

- Provisional applications: within 6-8 weeks from the date of the NZFC’s acknowledgement letter.
- Final applications: within 3 months from the date of the NZFC’s acknowledgement letter.
- Please note: acknowledgement letters will only be sent once the NZFC has checked that all required information has been received with your application.
- If the NZFC or an independent consultant requests further information from an application, it is expected that requests for further information should be provided within 3 days of a request being made. Delayed responses may cause processing time to be extended.

*Do I have to apply for a Provisional Certificate? (see also: **Registration**)*

No, a Provisional Certificate is optional and can be applied for any time prior to Completion of the production **provided that the production has been registered with the NZFC within the relevant timeframe set out in Clause 26 of the Criteria**. For Live Action Productions this means before the start of Principal Photography in New Zealand and for PDV applications this is within 20 working days of acceptance of qualifying bid.

Applicants with a television or non-feature film production are strongly advised to apply for Provisional Certification to ensure the proposed format meets the relevant criteria.

Applicants who are invited to apply for the 5% Uplift must submit a complete 5% Uplift Initial Application Form to the NZFC prior to commencement of Principal Photography. Requirements for the 5% Uplift are set out in Appendix 3 of the Criteria.

## APPLICATION FEES

*The Criteria states that “expenditure on any application fees in relation to the International Grant” is excluded from QNZPE. Does this exclude the fees of advisors who have advised on the application process?*  
No. This exemption applies only to application fees that are payable directly to the NZFC. Application fees are not currently being charged, but should a fee be introduced, it will be excluded from QNZPE.

## APPLICATION FORMS

*Where can I get application forms?*

Application forms, except those for the 5% uplift, are available from the NZFC website:

[nzfilm.co.nz/incentives-co-productions/nzspg-international](http://nzfilm.co.nz/incentives-co-productions/nzspg-international)

Application forms are updated from time to time, so please ensure you download a new form each time you apply.

Please ensure that the application form and all attachments are submitted as separate documents (not scanned together) and that each attachment is named and numbered in accordance with the checklist at the back of the application form.

**Registration Form** - must be submitted within the timeframes set out in **Clause 26** of the Criteria. For Live Action this means before the start of Principal Photography in New Zealand, for PDV within 20 working days of acceptance of qualifying bid.

**Provisional Application Form** - Provisional Certification is not mandatory and can only be applied for once a production is registered.

**Final Application Form** - must be submitted within **six months** after Completion of the production.

Applicants are advised to pay close attention to this deadline, as Final applications will not be accepted after this period has lapsed.

Note that at Final application stage, all agreements that are submitted as attachments must be dated and signed by all parties to the agreement. This includes (but is not limited to): Above-The-Line agreements, distribution agreements and financing agreements.

Application for the 5% Uplift is by invitation only. Applicants who are invited to apply for the 5% Uplift will be provided with an Initial Application Form at the time of invitation.

(Application forms for the 1 August 2015 and 1 April 2014 Criteria are no longer available online - please contact [nzspg@nzfilm.co.nz](mailto:nzspg@nzfilm.co.nz) if you require any documents or information related to these previous versions.)

## APPORTIONMENT

*How should I apportion costs between qualifying and non-qualifying services or between multiple productions or other activities?*

Apportionment is best dealt with on a case-by-case basis. However, there are some overriding guidelines:

- The proportion of costs claimed as QNZPE must be fair and reasonable in the circumstances.
- The amount claimed should reflect the provisions of any contract including the timing of any instalments of the agreed fee or cost.
- The amount claimed should also reflect the actual time spent providing qualifying services. This should be a portion of the actual time spent on the provision of all services, or the actual or carefully estimated use of a good or person by the production in New Zealand as a proportion of the total cost of that good or person over the same period of time.

When looking at apportionment the NZFC will review the relevant contract, the production travel schedule, the timing of payments and any other supporting information to determine what is a fair and reasonable apportionment. If you are unsure of how to apportion any costs, please contact the NZFC for guidance before you submit your application.

## ASSETS

*Should I treat wardrobe and props as expenses or assets?*

It depends on what the value of each item is at the end of the production. If items have no value at the end of production and are thrown away or destroyed, then the full purchase price can be claimed as QNZPE. If there is still some value at the end of production and the item is sold or is deemed to be saleable, then the difference in price should be used for your QNZPE calculation. Usual accounting practices should be applied. Please refer to the IRD's website for information on depreciation used to estimate how much assets, props/wardrobe etc., are worth at the end of a shoot: [ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/depreciation](http://ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/depreciation)

## BUNDLING

*How does bundling work?*

If you bundle two or more productions together to achieve a total QNZPE of NZ\$30 million or more, then you can apply for a Grant provided that:

- each production within the bundle is a qualifying format and has QNZPE of at least NZ\$3 million; and
- Principal Photography or PDV Activity (as the case may be) is **completed** for all productions in the bundle within 36 months from the date the first production started Principal Photography/PDV Activity.

Please note that a production that has been the subject of a successful final application, whether as part of a bundle or by itself, is not eligible to form part of another final application as part of a bundle.

*Who can apply for a bundle?*

The applicant for each production within a bundle must be the same entity or a Related Entity, or each production must have the same Creative Producer who is a New Zealand Citizen or Permanent Resident. Refer to **Appendix 1** of the Criteria for further definitions.

## BUSINESS OVERHEADS

*What business overheads are subject to the cap?*

The cap on New Zealand business overheads applies to the total amount claimed for the general business overheads of the applicant and any associate entities (including parent and subsidiary entities). The business overheads of New Zealand-based entities for services performed in New Zealand only can be QNZPE. Business overheads are generally accepted to mean the ongoing expenses necessary to maintain the business operation, and may not necessarily be directly attributed to the specific cost of making the production.

The business overheads of a New Zealand registered company that does not have a functioning office in New Zealand will not qualify.

*How do I calculate the business overheads cap?*

Use the following steps to calculate what business overheads you can claim as QNZPE (they are capped at 5% of total QNZPE or NZ\$500,000 - whichever is lesser):

- Deduct the claimed overhead from the total QNZPE (this is the “adjusted amount”).
- Divide the adjusted amount by 95 then multiply by 5. This then represents the maximum business overhead that can be claimed as QNZPE (as long as it does not exceed \$500,000). Any business overheads in excess of this amount will not qualify as QNZPE.

If you are unsure how to calculate this cap, please contact [nzspg@nzfilm.co.nz](mailto:nzspg@nzfilm.co.nz).

## CARNET

*Can I claim the cost of a carnet as QNZPE?*

A carnet fee paid to a New Zealand entity (usually the Chamber of Commerce) to organise the bond amount to be deposited with Customs can be claimed as QNZPE provided it relates to goods to be used on the production. The “carnet bond” itself cannot be claimed as QNZPE.

## CAST AND CREW PERKS

*What are cast and crew “perks”?*

Extra benefits provided to cast and crew are assessed as perks and do not count as QNZPE, unless the applicant is contractually obliged to provide the “perk” to the relevant cast or crew member in relation to their services in New Zealand. This may include: personal tax advice, gym memberships, childcare worker/tutor services or companion airfares (provided they meet the requirements of **Clause 17.3(c)** of the Criteria).

## COMPLETION

*When is a production considered to be completed?*

A production is completed when it is first in a state where it could reasonably be regarded to be ready for distribution, broadcast or exhibition to the public. Refer to **Appendix 1** of the Criteria for the definition of “Completed”. This is relevant as you must submit your Final application no later than **six months** after completion of the production.

## CRITERIA

*Which Criteria applies to my production?*

The [NZSPG Criteria for International Productions dated 1 July 2017 \(Updated 2019\)](#) applies to productions that start Principal Photography, or PDV Activity in New Zealand **on or after** 1 December 2019.

The [previous version of the 1 July 2017 Criteria](#) applies to productions that have either:

- Started Principal Photography, or PDV Activity, in New Zealand **before** 1 December 2019; **OR**
- Received a Provisional Certificate dated **on or before** 30 November 2019 and started Principal Photography, or PDV Activity, before expiry of that Provisional Certificate.

If you are unsure which Criteria applies to your production, please contact [nzspg@nzfilm.co.nz](mailto:nzspg@nzfilm.co.nz).

(Please note, the 1 August 2015 and 1 April 2014 Criteria are no longer online. Please contact us if you require any documents or information related to these versions.)

## CREDITS AND PROMOTIONAL MATERIAL

*Do I have to provide a credit and NZFC logo in the completed production and promotional materials to the*

*New Zealand Government via the NZFC?*

Yes, this is mandatory. If there are exceptional circumstances which mean you are unable to provide a credit, logo and/or promotional materials, you will need to discuss this with the NZFC before submitting your Final application. Waivers of this requirement will only be given where the applicant is genuinely not in a position to satisfy this requirement.

Please email [nzspg@nzfilm.co.nz](mailto:nzspg@nzfilm.co.nz) to obtain the current version of the NZFC logo.

The promotional material schedule can be viewed on the NZFC website: [nzfilm.co.nz/resources/nzspg-info-sheet-promotional-materials-schedule-materials-schedule](https://nzfilm.co.nz/resources/nzspg-info-sheet-promotional-materials-schedule-materials-schedule)

## CURRENCY

*Can transactions through offshore bank accounts or in non-New Zealand currencies be included in QNZPE?*

Yes, provided the applicant incurred the cost and the payment otherwise qualifies as QNZPE. Please note: payments made in a foreign currency must be converted into New Zealand dollars on a monthly basis at the mid-month exchange rate published on the IRD website for the month in which the payment was made: [ird.govt.nz/managing-my-tax/overseas-currency-conversion-to-nz-dollars](https://ird.govt.nz/managing-my-tax/overseas-currency-conversion-to-nz-dollars)

*How do I decide what exchange rate to use for non-New Zealand dollar costs?*

For the purpose of converting foreign currency amounts to New Zealand dollars in an application you must use the mid-month exchange rates published on the IRD's website: [ird.govt.nz/managing-my-tax/overseas-currency-conversion-to-nz-dollars](https://ird.govt.nz/managing-my-tax/overseas-currency-conversion-to-nz-dollars)

*Can I preset an exchange rate prior to production?*

Yes, but only for the purpose of meeting the expenditure threshold and only if:

- Your estimated QNZPE is close to the relevant expenditure threshold;
- Part of that amount will be spent in non-New Zealand dollars; and
- You are concerned that the exchange rate fluctuations over the production period may lead to your actual expenditure falling below the relevant threshold.

To apply for a preset exchange rate, you must first register your production as per clause 26, then submit a Provisional application no earlier than 3 months prior to the commencement of Principal Photography or PDV Activity in New Zealand.

The pre-set rate only applies to the calculation of the spend threshold **only**. The mid-month exchange rate published on the IRD website for the month in which the relevant payment was made will be used to calculate the Grant amount. Once you have received a preset rate, you may not apply for a new preset rate unless you are submitting a new Provisional application (and you pay an application fee if an application fee is payable).

At the time of your Final application, the IRD mid-month rate for the month in which the relevant payment was made must be used. Once an application is approved, the Grant is paid on the actual QNZPE incurred (not the amount calculated using the preset rate).

## DEVELOPMENT COSTS

*Can development and pre-production expenditure be claimed as QNZPE?*

Yes, but only New Zealand development and pre-production expenditure will qualify as QNZPE. Please note that Development Expenditure (defined in **Appendix 1** of the Criteria) is subject to the cap on Above The Line Costs (see **Above The Line Costs**).

## ENTERTAINMENT

*Can I claim for meals in restaurants when they are part of meetings to discuss the production?*

No. Meals outside the production base can only be claimed as QNZPE where they are provided instead of standard production catering for crew and cast (i.e., crew working away from set, during recces, etc). In all cases, including on-screen, if a meal includes alcohol the cost of the entire meal will be assessed as “entertainment” and excluded from QNZPE.

## **FINANCING**

*Do any financing costs qualify as QNZPE?*

No, all financing expenditure is non-QNZPE for international productions.

## **FLIGHTS**

*Can I claim the cost of my incoming flight as QNZPE if it includes a stopover?*

No, only the cost of a direct incoming journey to New Zealand can be QNZPE. If your incoming journey includes a stop-over the NZSPG Panel will determine the cost of an equivalent incoming journey without a stop-over and this will be the amount claimable as QNZPE.

## **FREIGHT**

*The Criteria states that the cost of “international freight (including excess baggage and freight within a country other than New Zealand)” is excluded from QNZPE. Does this mean that the cost of freight between New Zealand and another country is excluded?*

Yes. All freight between New Zealand and another country is excluded from QNZPE.

*Does the “freight” exclusion from QNZPE include couriers?*

Yes. The exclusion covers all types of freight, including courier delivery.

## **GOODS SOURCED FROM OVERSEAS**

Refer to **Clause 17.2** of the Criteria.

*What do I need to do if I want to claim the cost of a good sourced overseas as QNZPE?*

To include a good sourced from overseas as QNZPE, the good must either fit the General QNZPE definition or be a “specific inclusion”.

If you want to include a good sourced from overseas as QNZPE, the onus is on you to explain the basis on which you think the good is qualifying and to provide relevant evidence. For example, if you think that a good sourced from overseas should qualify as General QNZPE, you must include with the application:

- Evidence that the good is not otherwise available in New Zealand. This evidence could take the form of confirmation from New Zealand suppliers of similar goods that they do not have the good;  
**and**
- Evidence that the good is purchased, hired or leased in New Zealand from a New Zealand Resident who is a habitual supplier of those goods in New Zealand.

*What is a “habitual supplier” of goods?*

In general, a habitual supplier of goods will be a supplier who regularly and continually supplies the good in question (or regularly and continually supplies goods of the same kind or class as the good in question). For example, a furniture shop that regularly sells couches would be considered a “habitual supplier” of

couches.

## **GRATUITIES**

*If I give a gratuity, can I claim that as QNZPE?*

Gifts and gratuities are not QNZPE. Gratuities include tips, koha, vouchers and similar payments for which no invoice or receipt is provided. However, if you obtain a receipt from the person to whom the gratuity/koha was paid, and this was an expense of the production in New Zealand, then you can claim this as QNZPE.

## **GUILD PAYMENTS**

*Can I claim the Screen Production and Development Association (SPADA) Levy as QNZPE?*

Yes, the SPADA Levy qualifies as QNZPE. Payments to other New Zealand guilds or industry associations (e.g., NZ Writers Guild) will also qualify, however any payments to overseas guilds or industry associations will not qualify as QNZPE.

## **INSURANCE PROCEEDS**

*How do I treat the proceeds of an insurance claim?*

Proceeds from an insurance claim do not need to be deducted from your QNZPE. For the purposes of the NZSPG, insurance proceeds are treated the same as any other income received to finance budget overages. To the extent that you incur additional expenditure due to an 'insurance event', you can add this expenditure to your claim, provided it is QNZPE.

## **KOHA (see Gratuities)**

## **MUSIC LICENCES**

*Can I claim the cost of licences for New Zealand music if the cost is paid to an offshore record company?*

Yes, provided the original owner of the copyright is a person or company who is, or was, resident in New Zealand for tax purposes \*.

It is common for an offshore record company to own the copyright in a sound recording. It is likely that the performer or composer of the sound recording was the original owner of the copyright in that recording. If the performer or composer is the original owner of the copyright and they are or were a New Zealand Resident, then licence fees for that recording payable to offshore record companies can be treated as QNZPE.

\* The definition of New Zealand Resident used in the Criteria refers to the definition of New Zealand resident in the Income Tax Act 2007. For further information on New Zealand tax residency, please refer to the IRD's website: [ird.govt.nz/international/residency/](http://ird.govt.nz/international/residency/)

## **NEW ZEALAND PRODUCTIONS**

*Can a New Zealand Production qualify for an International Grant?*

Yes, provided that:

- the production meets the relevant International Criteria; and



- in the case of a television or other non-feature film, it is not principally made for the New Zealand market.

NB: a production can only apply for one Grant (a New Zealand Grant, International Grant or PDV Grant).

## **NON-ARM'S LENGTH EXPENDITURE**

*How are non-arm's length (related party) transactions assessed?*

Non-arm's length expenditure is not approved at Provisional stage. You may request a non-binding opinion on your budgeted non-arm's length expenditure at the Provisional application stage – this request should be presented in writing with your Provisional application.

Non-arm's length expenditure is carefully reviewed at Final application to ensure it is commercially reasonable, and qualifies as QNZPE, in line with clause 21 of the criteria. This will include: reviewing these costs in light of the schedule and the overall resourcing of the production (including total arm's length and non-arm's length spend), in the relevant area e.g., accounting, production management or post-production etc.

## **NON-NEW ZEALAND CAST AND CREW**

*If I use non-New Zealand cast and crew on the production, do their costs qualify as QNZPE?*

There are different rules for cast and crew. Non-resident crew costs for the portion of their time spent working on the production in New Zealand are QNZPE provided the crew member has spent at least 14 days in total working on the production in New Zealand.

Similarly, non-resident cast costs that are attributable to their time in New Zealand working on the production, are QNZPE but there are no minimum number of working days on the production required. Please refer to the FAQ on **Apportionment** to determine how to apportion costs between work in New Zealand and work in another country.

## **NZSPG PANEL DECISIONS (see Panel Decisions)**

## **OTHER NEW ZEALAND SCREEN INCENTIVES AND PRODUCTION FUNDING**

*Can I access other New Zealand screen incentives if I apply for a NZSPG for International Productions?*

A production cannot receive a New Zealand Grant and an International Grant or receive any other New Zealand Government finance or tax incentives. A production may receive development funding or other non-production funding provided by the New Zealand Government or its non-screen agencies.

## **OVERHEADS (see Business Overheads)**

## **PANEL DECISIONS**

*Can I appeal NZSPG Panel decisions?*

Decisions of the NZSPG Panel are final and cannot be appealed. Prior to each meeting, the NZFC or the independent consultant will attempt to advise applicants of any proposed adjustments to the claimed QNZPE and applicants will have an opportunity to comment on those adjustments. Applicants' comments will be reported to the NZSPG Panel.

*Who sits on the NZPSG Panel?*

Information about the make-up of the Panel is in **Clause 43** of the Criteria.

## **PAYMENT**

*What happens if I submit my Final application, then realise that I forgot to claim some QNZPE?*

Provided the application has not yet been considered by the NZSPG Panel, you can choose to withdraw the application and resubmit it with the additional QNZPE included. However, the additional QNZPE will need to be covered by the auditor's report and the resubmission must occur within six months from Completion of the production. A further application fee may be payable.

*When is the Grant paid?*

Once your final application has been approved you will be sent an approval letter along with an invoice template with submission details. Send your invoice, formally verified New Zealand bank account details and a copy of your approval letter, to the Ministry of Business, Innovation and Employment. Payment will be made into the nominated bank account within 10 business days of receipt of the invoice and attachments. The Grant must be paid into a New Zealand bank account.

## **PDV ACTIVITY**

*If my PDV supplier sub-contracts part of its services outside New Zealand, do these costs count as QNZPE?*

No – see **Services Outside New Zealand**.

## **PERSONAL ASSISTANTS**

*Can fees for assistants to executive producers be claimed as QNZPE?*

Only if their fees are specifically contracted to the production.

## **PRINCIPAL PHOTOGRAPHY**

*My production is an animation, so how do I define the “principal photography” period?*

The production of the computer-generated image (CGI) commences at the point the asset (object/character) to be animated along with the pre-visualisation development to establish the size, shape and movement of these CG assets are locked and approved. These assets then become the elements to create shots (images) that are all computer generated within live action photography.

A full definition of Principal Photography for all formats is set out in **Appendix 1** of the Criteria.

## **PRODUCTION INSURANCE**

*The Criteria states that “production insurance” is excluded from QNZPE. Is vehicle insurance included in the definition of “production insurance”, and therefore excluded?*

No, vehicle insurance is not included within the definition of “production insurance” and is not specifically excluded from QNZPE. Vehicle insurance can qualify as QNZPE if it meets the General QNZPE definition in **Clause 17.2** of the Criteria.

## PROVISIONAL CERTIFICATION (see Applications)

## PUBLICITY AND PROMOTION EXPENDITURE

*Do costs relating to publicity and marketing materials qualify as QNZPE?*

Yes, but only if the publicity and marketing services are provided and paid for in New Zealand before completion of the production.

## REGISTRATION

*Do I need to register the production with the NZFC?*

Yes, all applicants **must** register their production with the NZFC within the timeframes set out in **Clause 26** of the Criteria. For Live Action Productions this means before the start of Principal Photography in New Zealand and for PDV applications this is within 20 working days of acceptance of qualifying bid.

The registration form is available [here](#), or you can request a copy by contacting [nzspg@nzfilm.co.nz](mailto:nzspg@nzfilm.co.nz).

Productions that do not register within the relevant timeframes will not be eligible for the NZPSG.

**NB** – per **Clause 27** of the Criteria, as a condition of registration, applicants must also inform the NZFC in writing as soon as practicable if, following registration, the estimated QNZPE for a production changes by NZ\$10 million or more.

## SERVICES OUTSIDE NEW ZEALAND

*I have contracted a New Zealand company to work on the film. Are all of their costs automatically QNZPE?*

No, just because payment is made to a New Zealand company it does not mean all of its costs are automatically QNZPE.

Unless captured by a “specific inclusion” in the Criteria (see **Clause 17.3** of the Criteria), expenditure attributable to a supplier performing any element of its services outside New Zealand will be excluded from QNZPE and must be separately identified in any invoices.

This requirement is particularly relevant to PDV Activity, where the majority of the expenditure is often payable to one supplier. The applicant for a PDV Grant must require suppliers of PDV Production services to provide invoices which are broken down to show the cost of New Zealand-based services and non-New Zealand-based services. Only services provided physically in New Zealand are QNZPE.

## SOFTWARE LICENCES

*Is the cost of a software licence QNZPE?*

This is treated in the same way as the acquisition of other intellectual property (e.g., music licences).

Therefore, if the underlying intellectual property in the software was created in New Zealand for use in the production or the original owner of the intellectual property is or was a New Zealand Resident the costs can be claimed. Examples of software licences that are not QNZPE are SyncOnSet and MydaEs.

## SCREEN PRODUCERS AND DIRECTORS ASSOCIATION (SPADA) LEVY

*Can I claim the SPADA Levy as QNZPE?*

Yes, the SPADA Levy qualifies as QNZPE. However, any payments to overseas guilds or industry associations will not qualify as QNZPE.

## **SERVICE FEES**

### *Are service or booking fees QNZPE?*

Service fees are QNZPE only when the service is provided in New Zealand by a New Zealand vendor. Examples include, when an Airbnb is booked in New Zealand for the purposes of the production, costs payable to the New Zealand host would qualify but the service fee payable to Airbnb would not. Booking fees paid to an overseas airline for a qualifying flight would also be excluded.

## **SPECIAL PURPOSE VEHICLE (SPV) EXCEPTIONS**

### *When does the PDV Grant Exception apply?*

The PDV Grant Exception applies where the applicant is the producer who uses one or only a small number of PDV suppliers in New Zealand to undertake PDV work on its various productions. For example, the applicant (a New Zealand company) is owned by a US-based studio which engages one of New Zealand's digital effects companies to carry out PDV work on its productions. In this example, the studio does not need to set up a new SPV for each separate production, provided it obtains a waiver under this clause before they apply for provisional or final certification.

## **TAX**

### *Are taxes QNZPE?*

Taxes are not goods or services and therefore not QNZPE; including, but not limited to: duties, levies, VAT, withholding tax and GST.

### *Do I have to pay income tax on the Grant?*

No, the Grant is exempt for the purposes of income tax.

### *Does the Grant include GST?*

The Grant is calculated on amounts that are net of GST. However, due to New Zealand tax laws, when the Grant is paid, it is paid plus GST. The applicant must therefore return the GST component as part of its normal GST returns.

### *Can VAT or other non-New Zealand tax be included in QNZPE?*

No, payments made towards an applicant's or a production's tax obligations cannot be included in QNZPE.

### *What is the intention of the "overseas taxes" exclusion?*

The overseas taxes exclusion is intended to capture taxation "fringes" (as that term is understood in the U.S. screen industry). For example, a U.S state healthcare tax will be excluded from QNZPE.

## **TIPS (see Gratuities)**

## **TRAVEL OUTSIDE NEW ZEALAND**

### *If New Zealanders travel to another country for part of the production, can I claim their fee and costs relating to those services as QNZPE?*

No, only fees and costs relating to services performed in New Zealand on the production are QNZPE.

## **WARDROBE PURCHASES** (see also: **Assets**)

*Are wardrobe items that are sourced from overseas QNZPE?*

Wardrobe items sourced from overseas can only be QNZPE if the required item is not otherwise available to the production in New Zealand. “Not otherwise available” means that the item cannot reasonably be purchased, hired or leased by the production in New Zealand.

To be QNZPE the wardrobe item must be purchased, hired or leased from a New Zealand Resident and the item must be used in the making of the production in New Zealand.

If the wardrobe item is used for the making of the production both in New Zealand and overseas, the cost of the item must be apportioned with respect to the time spent filming in New Zealand.

## **WRITERS**

*If I employ a non-New Zealand writer to work on the script, will their fee qualify as QNZPE?*

Only the portion of their fee for script work actually carried out in New Zealand will qualify as QNZPE. If you employ a New Zealand writer who is based offshore, then only the work actually carried out in New Zealand will qualify as QNZPE.