

FREQUENTLY ASKED QUESTIONS

NEW ZEALAND SCREEN PRODUCTION REBATE (NZSPR)

FOR NEW ZEALAND PRODUCTIONS

It is important that you read the [NZSPR Criteria for New Zealand Productions dated 31 August 2023](#) 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 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.

ABOVE THE LINE COSTS

What are Above The Line Costs?

Above The Line (ATL) Costs are defined in **Appendix 1** of the Criteria as:

- Development Expenditure;
- Remuneration of the writer(s), director(s), producer(s) and lead cast; and
- Travel costs of the writer(s), director(s), producer(s) and lead cast,

as each of those terms are defined in the Criteria, and in each case not determined by how any particular expenditure is categorised within the Production Budget. This means that if, for example, a writer's remuneration is listed Below The Line in the budget, it will still be considered an Above The Line Cost.

How do I calculate the Above The Line cap?

The cap on Above The Line Costs applies to the total amount claimed as QNZPE:

- Deduct the claimed Above The Line Costs from the total Production Budget (this is the “adjusted amount”).
- Divide the adjusted amount by 75 then multiply by 25. This then represents the maximum amount of Above The Line Costs that can be claimed as QNZPE.

Above The Line Costs are capped at 25% of the Production Budget. See **Appendix 1** of the Criteria for definitions of these terms. If you are unsure how to calculate this cap, please contact nzspr@nzfilm.co.nz

Does the cap on Above The Line Costs apply to my production?

Productions that start Principal Photography on or after 31 August 2023 will be subject to the ATL cap unless :

- the NZFC has provided an acknowledgement letter confirming that an application for a Provisional Certificate is complete on or before 30 August 2023; and
- that application for a Provisional Certificate is subsequently approved; and
- Principal Photography begins before that Provisional Certificate expires.

There will be no extensions to a Provisional Certificate under this transitional provision. For clarity: if the above conditions are met, the ATL cap will not apply to your Final application.

If you are unsure whether the ATL cap applies to your production, please contact nzspr@nzfilm.co.nz

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, in New Zealand dollars, QNZPE, non-QNZPE and for official co-productions only, TPE and exclusions from TPE.

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 unless it falls within one of the exceptions set out in **clause 21** of the Criteria. Please note that all of the exceptions in **clause 21.2** (unpaid interest, auditor’s fees and marketing or post-production costs) must be approved by the NZFC and the combined total (of interest, auditor’s fees and marketing or post-production costs unpaid at the time of making a final application) must not exceed 1% of the total production budget.

Can non-cash payments be treated as QNZPE?

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

ADDITIONAL REBATE

Do I qualify for a rebate on QNZPE over \$15 million?

If the production has QNZPE of more than \$15 million and meets the requirements of **Appendix 4** of the Criteria, an applicant can apply for an Additional Rebate. The Additional Rebate is paid on QNZPE between \$15 million and \$50 million.

- Official Co-productions also require QNZPE of more than \$15 million to apply for an Additional Rebate. TPE cannot be used for the Additional Rebate expenditure threshold.
- To qualify for an Additional Rebate the Producer must have the minimum level of experience specified in the Criteria and the production must have market attachments that comprise at least 10% of the Production Budget. In addition, the production (including an Official Co-production) must meet or exceed the minimum points in the Significant Cultural Benefits Test, and must provide cultural benefits to New Zealand that are commensurate with the value of the Additional Rebate applied for.
- The applicant must provide the NZFC with a 50% Equity Share in the amount of Rebate that is over-and-above QNZPE of \$15 million. The applicant must be entitled to retain the remaining 50% Equity Share in the amount of the Rebate that is over-and-above the QNZPE of \$15 million (per

clause 14 of the Criteria).

Evidence of legally binding agreements will be required with the Final application to confirm compliance with the specific eligibility criteria. Full details are set out under **Appendix 4** of the NZSPR Criteria.

Is the Additional Rebate capped?

The Additional Rebate is capped at \$14 million (40% of additional QNZPE spend of \$35 million). The total maximum New Zealand Rebate is \$20 million.

ADMINISTRATION COSTS

What general administration costs can I claim as QNZPE?

Administration costs incurred by the applicant on the production in New Zealand are QNZPE. Where these costs have been on-charged by a related party, the applicant should follow the guidelines outlined in the **Apportionment** FAQ and ensure that evidence of the rationale behind the apportionment is available. For example, where parent company personnel and/or equipment have been shared between projects, a record of time spent by those personnel on each project should be maintained.

APPLICATIONS

Who can apply?

The applicant must be the entity responsible for all activities involved in making the production in New Zealand. Only one entity per production is eligible for the Rebate. The entity must also be a Special Purpose Vehicle (SPV), as per the requirements set out in **clause 10** 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 that 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 applicant, 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.

APPLICATION FEES

The Criteria states that "expenditure on any application fees in relation to the New Zealand Rebate" 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 are available from the NZFC website: nzfilm.co.nz/incentives-co-productions/nzspg-nz
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.

Note that at the 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.

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 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 in New Zealand on the provision of all services, or the actual or carefully estimated use of a good or person by the production 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.

How do I apportion my insurance costs if my production is an official (or un-official) co-production?

For co-productions – official and un-official - the cost of production insurance (including errors and omissions) is apportioned by multiplying the total cost of production insurance by the New Zealand financing percentage. This calculation also applies to completion bond fees.

APPROVED ISSUER LEVY

Can I claim the Approved Issuer Levy as QNZPE?

The Approved Issuer Levy cannot be claimed as QNZPE as it is paid to the IRD in lieu of withholding tax and is essentially a tax on interest.

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. 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.

BUSINESS OVERHEADS

How do I calculate the business overheads cap?

Qualifying business overheads only apply to New Zealand-based entities. 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. They should be calculated using all relevant expenditure for the production. Should this equal less than 5% of the QNZPE or \$400,000, the total amount of overheads can be claimed. Should they equal more than 5% of the QNZPE or \$400,000, only the amount up to 5% of the QNZPE or \$400,000 may be claimed, whichever is the lesser.

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). Use the following steps to calculate what business overheads you can claim as QNZPE (they are capped at 5% of total QNZPE or NZ\$400,000 - 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 \$400,000). Any business overheads in excess of this amount will not qualify as QNZPE.

If you are unsure how to calculate this cap, please contact nzspr@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; 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 as 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 6 months after completion of the production.

CONTINGENCY

Can I include any contingency in the estimated QNZPE at the Provisional application stage?

No. Contingency will not be assessed as QNZPE at the Provisional application stage unless it is necessary

for the NZFC to take a view on whether the production qualifies for the New Zealand Rebate (for instance, where the QNZPE or TPE is close to the threshold). In these circumstances, the Provisional Certificate will note any assumption made around contingency.

In a Final application, only the amounts of contingency actually spent on qualifying goods and services will be QNZPE.

Can I include contingency in estimated TPE at provisional application stage?

If your production is an Official Co-production (and you are therefore using TPE to meet the threshold), then you can include 100% of contingency in your TPE calculation. The contingency can include the New Zealand contingency portion and the overseas contingency portion. Applicants should note that this is for the purpose of meeting the expenditure threshold only, and contingency will still not be treated as QNZPE at provisional application stage. At Final application stage, only contingency spent on QNZPE can be claimed.

CO-PRODUCTIONS

What is an Official Co-production?

An Official Co-production is one that has been certified under one of the co-production treaties that New Zealand has with other countries (see the NZFC website for the most up-to-date list: nzfilm.co.nz/incentives-co-productions/co-productions).

Does the same co-production criteria apply to non-official co-productions?

No. Non-official co-productions are subject to the general NZSPR Criteria, i.e., the production will still need to pass the Significant New Zealand Content Test and cannot use TPE to meet the expenditure threshold. However, the apportionment of production insurance and completion bond fees in **clauses 16.3(d) and 16.3(e)** will apply. (See: **Apportionment**).

How should I apportion contingency between each co-producer's spend?

This will be determined on a case-by-case basis, however, it is generally expected that contingency will be apportioned in accordance with the estimated total spend of each co-production party. If you wish to apportion the contingency using a different method, then you should set out the rationale for that method in your application.

What information do I need to get from my co-producer?

If you are relying on TPE (and not just QNZPE) to meet the relevant expenditure threshold, then you need to have access to full financial information for the production worldwide and you must provide that information in English to the NZFC upon request. The presentation and coding of the financial information (e.g., cost report) must be consistent with the information provided in relation to QNZPE, and must follow standard accounting practices. Please also be aware that audited cost reports will be required.

You may also be required to provide copies of contracts and other documents that your co-producer has entered into if they relate to any costs claimed by you as QNZPE (e.g., cast contracts).

All financial information and other documents supplied by your co-producer must be in English.

When submitting a final application, all contracts must be fully executed by all relevant parties and be in English or with a professional certified English translation provided.

What should I do first – submit my co-production application or my NZSPR application?

You should submit your co-production application and your NZSPR application around the same time, however if you are submitting a **Final** NZSPR application, the six-month submission deadline applies, which means you may need to submit your NZSPR application first. Please note that the NZFC's process for assessing each application is separate and so you need to submit separate applications with separate copies of all relevant documents.

When does my Official Co-production certificate need to be in place?

If you are applying for an NZSPR Provisional Certificate, you do not need to have a provisional Co-production certificate.

If you are applying for an NZSPR Final Certificate, you can submit this before receiving a Final Co-production certificate, however your Final application will not be presented to the Rebate Panel until the production receives final approval as an Official Co-production from the NZFC and the relevant competent authority/authorities of the co-production country/countries.

CRITERIA

Which Criteria applies to my production?

- Productions that started Principal Photography **on or after** 31 August 2023 will be assessed under the NZSPR Criteria for New Zealand Productions dated 31 August 2023 (note, transitional provisions apply to the Above The Line cap – see **clause 6** of the Criteria, or the FAQ on Above The Line Costs for more details).
- Productions that started Principal Photography **before** 31 August 2023 will be assessed under the NZSPG Criteria for New Zealand Productions dated 1 July 2017.

If you are unsure which criteria applies to your production, please contact nzspr@nzfilm.co.nz

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 need to discuss this with the NZFC before submitting of 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 nzspr@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

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

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

For the purpose of converting foreign currency amounts to NZ 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

Can I pre-set an exchange rate prior to production?

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

- your estimated QNZPE or TPE 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.

The pre-set rate only applies to the calculation of the spend threshold - nothing else. 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 Rebate amount. Once you have received a 'pre-set' rate, you may not apply for a new pre-set rate unless you are submitting a new provisional application (and pay an application fee if applicable).

At the time of 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 Rebate is paid on the actual QNZPE incurred (not the amount calculated using the 'pre-set' rate).

DEFERRALS

Can deferred or held-back fees be claimed as QNZPE?

Yes, provided they meet the requirements in **clause 21.1** of the Criteria. Please note that only fees or overheads that are held back for the purpose of cashflowing any part of the funding required to meet the budget can be treated as QNZPE under this exception. The funding that is cashflowed by such holdbacks could be (for example) an instalment of a sales advance or minimum guarantee or part of the estimated Rebate.

DEVELOPMENT LOAN

Does the premium payable on a development loan qualify as QNZPE?

Yes, provided it is paid after 1 July 2008 and meets the requirements of **clause 16.3(g)** of the Criteria.

DISTRIBUTION

Can I apply for a Provisional Certificate without a distribution agreement?

You do not need to have a fully executed long form distribution agreement to apply for a Provisional Certificate. However, you must have a firm offer letter or deal memo from a recognised distributor that demonstrates the audience reach of the production will be commensurate with the expected amount of the New Zealand Rebate (e.g., for films, the number of screens and cities, P&A spend etc.; and for TV, the network, intended timeslot and likely audience). You must also provide an audience engagement plan setting out how the production will be seen by audiences in New Zealand (refer to the Audience Engagement information sheet on the NZFC website for details: nzfilm.co.nz/resources/nzspg-info-sheet-audience-engagement-plan). You cannot apply for a provisional certificate until you have met these requirements.

Can I distribute a feature film myself?

Refer to **clause 8.4** of the Criteria

The Criteria requires that, by time of final certification, the production must have secured a legally binding distribution agreement with a recognised theatrical distributor to release the film commercially as the main attraction in New Zealand cinemas. Unless the applicant is a recognised theatrical distributor an application for self-distribution is likely to be declined.

What are acceptable distribution platforms for non-feature film productions?

Refer to **Clause 9.4** of the Criteria

Acceptable New Zealand distribution platforms include New Zealand television broadcast (free-to-air or Pay TV); commercial distribution on DVD/Blu-ray; or commercial distribution via new media platform, or

streaming services (including but not limited to Netflix, Lightbox, Amazon etc.) accessible to New Zealand residents, such as on-line or mobile content. In all cases, the applicant must provide a genuine, legally binding commercial distribution agreement by the time of Final application.

The Criteria states that distribution must be “commensurate with the expected amount of the New Zealand Rebate” – what does this mean?

This means that the production must have a distribution deal, or TV network with a likely audience reach that is in line with, and of a scale expected in the industry for the type and cost of the production. For example, a relatively low budget arthouse feature (perhaps a minority co-production with English sub-titles) would not be expected to have the same scale of distribution as a larger budget feature more suited to exhibition in mainstream cinemas.

Is this the same for Television and other non-feature film formats?

A television series/programme or telefeature needs to demonstrate how, where and when the intended audience demographic will be able to access the programme and how the chosen format/s will generate an audience reach in New Zealand across the intended demographic. This can be shown by providing a signed letter from the broadcast service outlining the intended percentage of viewers the programme is likely to reach.

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 the crew and cast (i.e., crew working away from set, during reces, 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 the QNZPE calculations.

EXECUTIVE PRODUCER FEES

When are executive producer fees treated as financing fees (and therefore subject to the financing cap of 2%)?

If an executive producer fee is payable to an investor who doesn't actually work on the production, then it is treated as if it were a financing fee and is therefore subject to the requirements of **clause 16.3(g)** of the Criteria. If the executive producer does both financing and production work, the Rebate Panel may choose to apportion the fee.

If this doesn't apply, then the usual rules apply to executive producer fees – note the 14-day rule and the apportionment guidelines in particular. The NZFC may require evidence of what services were provided by the executive producer in New Zealand.

FINANCING

What financing costs are not QNZPE?

- Any interest that is not connected with raising, servicing or cashflowing finance for the production;
- Any financing costs that are not paid to a New Zealand entity, unless the expenditure relates to the cashflowing of the Rebate and the entity is located in an approved country;
- Any portion of interest payments that exceed the cap; and
- Any portion of a financing fee that exceeds the cap.

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 16.2(b)** 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.

GOVERNMENT FUNDING

Is the amount of money available in the NZSPR fund capped?

No, the pool of government funding available is not capped, but this should not be confused with the cap that applies to individual productions:

- The New Zealand Rebate for productions with QNZPE below NZ\$15 million is capped at NZ\$6 million per production unless the production qualifies for an Additional Rebate.
- The Additional Rebate applies to QNZPE between NZ\$15 million and NZ\$50 million and is capped at NZ\$14 million per production.
- The total maximum New Zealand Rebate per production is NZ\$20 million.

Do I need to meet the required level of non-New Zealand Government funding at the Provisional application stage?

Yes (see **Non-New Zealand Government Funding**).

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 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

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 NZSPR, 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.

INTEREST

How do I work out what interest I can claim as QNZPE?

The amount of interest you can claim on loans used to finance the budget of the production is capped at the NZ Reserve Bank 90-day Bank Bill Rate plus 2% per annum. For the purpose of this calculation you must use the daily 90-day Bank Bill Rate as set out on the Reserve Bank website (rbnz.govt.nz) at the date of your loan agreement.

How should I calculate accrued (unpaid) interest on any loans cash-flowing the New Zealand Rebate as QNZPE?

You should use the best estimate available to you. In terms of estimating a date for repayment of the loan, we suggest you use the estimated timeframe for processing your final application (3 months) plus 10 days from receipt of invoice to allow for payment of the Rebate. Please remember that the portion of the New Zealand Rebate payable on any accrued interest (that has been approved under **clause 22**) will not be paid until proof that the accrued interest has been paid has been provided to the NZFC.

Please be aware that only interest on loans cash-flowing the NZPSG can be accrued. Any other interest that has been pre-paid but not incurred will not qualify as QNZPE.

INTERIM APPLICATION

Can I make an interim application for the New Zealand Rebate before my production is Completed?

You should refer to clause 29 of the Criteria to check if your production is eligible to submit an application for an Interim Rebate. If you are unsure whether your production is eligible for an Interim Rebate, please contact nzspr@nzfilm.co.nz.

Interim applications should be made on the [current Final application form](#), available on the NZFC website.

KOHA (see Gratuities)

MARKET ATTACHMENT THRESHOLD

What are counted as 'market attachments' for the purpose of assessing the 10% market attachment threshold required for TV and other non-feature film productions?

Market attachments are sales advances, distribution advances and licence fees that are payable in exchange for certain rights to screen the production where there is no right to share in the net receipts from the production in respect of that advance or fee. Where a broadcaster commissions and funds all or a substantial part of a production, then the NZFC will review the principal funding and distribution agreements to assess what proportion of the funding is a market attachment as opposed to equity or other types of funding.

Please note that market attachments must be from parties operating independently of the applicant and must be from bone fide screen production sales agents, distributors or broadcasters.

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/

NEW ZEALAND PRODUCTIONS

What is a New Zealand Production?

A production which has "Significant New Zealand Content," as determined in accordance with the Significant New Zealand Content Guidelines (incorporating a points test) in **Appendix 3** of the Criteria. A production must achieve a minimum of 20 points to qualify as a New Zealand production, unless it is certified as an Official Co-production. Official Co-productions are deemed to have Significant New Zealand Content by section 18(2A) of the New Zealand Film Commission Act 1798 and therefore do not need to pass the Significant New Zealand Content points test. However, an Official Co-production applying for the Additional Rebate must still pass the Significant Cultural Benefits Test.

NEW ZEALAND SETTING

If I shoot my production in New Zealand does this mean it has a 'New Zealand setting'?

For the purposes of meeting **Section A1** of the Significant New Zealand Content Test, the setting must be identifiable as a New Zealand setting. Not all productions shot in New Zealand will have a New Zealand

setting. For example, the setting in *Slow West* was NOT a New Zealand setting, but the settings in *Boy* and *The Dead Lands* are New Zealand settings. A fictionalised version of New Zealand, that is still clearly identifiable as a New Zealand setting, will be considered a New Zealand setting. The proportion of a film that is set in New Zealand is measured by the estimated number of on-screen minutes that that setting is shown (this is assessed by reading the script at the Provisional application stage and by reference to the completed film at the Final application stage).

NON-ARM'S LENGTH EXPENDITURE

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

Non-arm's length expenditure is not approved at the Provisional application stage but may be commented on by the Rebate Panel. 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 20** 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.

NON-NEW ZEALAND GOVERNMENT FUNDING

Do I need to meet the required level of non-New Zealand Government funding at the Provisional application stage?

Yes, you need to provide evidence that the non-New Zealand Government funding requirement will be met. You must show that either:

- there is a genuine intention from one or more non-New Zealand Government entities or persons to fund, in aggregate, the required threshold for the relevant format, evidenced by a signed letter of offer, deal memo or funding agreement; or
- a written offer of funding from a New Zealand Government entity (or entities) that makes that funding conditional on the required threshold for the relevant format being met by non-New Zealand Government entities.

If, after you have been issued a Provisional Certificate, the circumstances of the production change and the proportion of non-New Zealand Government Production Funding drops below the required threshold for the relevant format, you can apply to the Rebate Panel for a waiver of this requirement. For more information, see **clauses 8.5** and **9.5** of the Criteria.

Does a TVNZ licence fee qualify as non-government funding?

Yes. TVNZ is a commercial broadcaster and therefore its licence fee is considered non-New Zealand Government funding. This also applies to licence fees from Whakaata Māori.

REBATE PANEL DECISIONS (see *Panel Decisions*)

OFFICIAL CO-PRODUCTIONS (see *Co-Productions*)

ONGOING ENGAGEMENT

What does the ongoing engagement requirement entail?

Clause 11.3 of the Criteria requires the applicant or, where the applicant is an SPV, the majority owner of the applicant, to have been actively engaged in the business of film or television production in New Zealand to a significant extent for at least 18 months prior to the scheduled start date of Principal Photography.

OTHER NEW ZEALAND SCREEN INCENTIVES AND PRODUCTION FUNDING

Can I access other New Zealand screen incentives if I apply for a NZSPR for New Zealand Productions?

A production cannot receive a New Zealand Rebate *and* an International Rebate (including the PDV Rebate) or receive any other New Zealand Government finance or tax incentives.

OVERHEADS (see *Business Overheads*)

PANEL DECISIONS

Can I appeal Rebate Panel decisions?

Decisions of the Rebate 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 Rebate Panel.

Who sits on the Rebate Panel?

Information about the make-up of the New Zealand Screen Production Rebate Panel is in **clause 38** 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 Rebate Panel, you can choose to withdraw the application and re-submit it with the additional QNZPE included. Please note, the additional QNZPE will need to be covered by the auditor's report and you must re-submit the application within the six-month deadline. A further application fee may be payable.

When is the Rebate paid?

Once your Final application has been approved you will be sent an approval letter along with an invoice template.

Send your completed invoice, formally verified New Zealand bank account details and a copy of your Final Certificate to the NZFC. Payment will be made into the nominated bank account within 10 business days of receipt of the invoice and attachments.

You may assign the benefit of the Rebate to a third party and nominate a bank account into which the Rebate should be paid.

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.

PRODUCERS INCOME

Can I agree to give some or all of the Producer NZSPR equity to another entity?

The applicant (or its parent company) must retain the right to receive a share of net receipts from the exploitation of the production that is commensurate with the expected value of the Rebate (often referred to as the NZSPR equity). The applicant must be entitled to both a recoupment position and a profit position in respect of the NZSPR Equity. The Rebate Panel may request evidence that this requirement will be met. NZSPR equity must be recoupable in a similar position to other equity investors. For example, if the NZSPR equity is 20% of the total equity, we would expect the producer to have a recoupment right in a position on a that is equal with other equity investors in the film and entitles the applicant (or parent company) to a 20% share of the net receipts.

However, the disbursement of net receipts for all projects is different and there are different models for film and TV and for co-productions. Please speak with the NZFC if you require further clarification.

Applicants who wish to assign part of this right to third parties (other than cast or crew) should discuss this with the NZFC in advance to ensure compliance with this requirement. Applicants should be aware that assigning part of this right to third parties (other than cast or crew) may affect the Rebate Panel’s assessment of whether the recoupment requirements are met. See **clause 14** of the Criteria.

PROVISIONAL CERTIFICATION (see also: **Registration**)

Do I have to apply for a Provisional Certificate?

Provisional Certificates are optional, unless either of the following apply:

- If you intend to apply for the Additional Rebate, you must apply for a Provisional Certificate.
- If you have not registered the production **before** starting Principal Photography, you must apply for a Provisional Certificate.

Productions that neither register nor apply for a Provisional Certificate **will not be eligible** for the New Zealand Rebate.

When should I apply for a Provisional Certificate?

Applicants are advised to apply for a Provisional Certificate when their production financing is sufficiently advanced. Any premature applications that require a subsequent re-application may be subject to a further application fee. The NZFC website will publish any application fee information.

Do Provisional Certificates expire?

Yes, a Provisional Certificate expires six months from the issue date unless the production has commenced Principal Photography within that timeframe. In exceptional circumstances you may apply to the NZFC for an extension, but you may be required to pay an extension fee. Alternatively, you can submit a new Provisional application. An application fee may be payable.

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 the completion of the production.

REGISTRATION

Do I need to register the production with the NZFC?

Registration is optional, unless either of the following apply:

- If you intend to apply for the Additional Rebate, you must apply for a Provisional Certificate.
- If you have not registered the production **before** starting Principal Photography, you must apply for a Provisional Certificate.

Productions that neither register nor apply for a Provisional Certificate **will not be eligible** for the New Zealand Rebate.

RESIDENCY REQUIREMENTS

Why are the residency requirements for the applicant tougher than in the Criteria for International Productions?

One of the key purposes of the New Zealand Rebate is to enable New Zealand producers and production companies to develop their businesses. As such, the New Zealand Government expects that the primary beneficiary of the New Zealand Rebate will be a New Zealand-based producer or production company. In line with this purpose, where the applicant is majority-owned by another company (e.g., the applicant is an SPV), the majority-owner must meet the same residency requirements. See **clauses 11.1 - 11.3** of the Criteria.

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 entity for a qualifying flight would also be excluded.

SERVICES OUTSIDE NEW ZEALAND

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

No, just because payment is made to a New Zealand company it does not mean all costs are automatically QNZPE. Unless captured by a "specific inclusion" in the Criteria (see **clause 16.3**), 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.

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 intellectual property in the underlying 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.

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 Rebate?

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

Does the Rebate include GST?

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

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

Can I claim on-the-ground travel costs within a foreign country for NZ resident cast and crew?

No, on-the-ground travel costs within a foreign country are excluded from QNZPE.

You can claim as QNZPE expenditure on Remuneration, commercial airfares, accommodation costs, and per diems for New Zealand Resident cast and crew while they are providing services outside New Zealand during Principal Photography, provided these expenses meet the requirements of **clause 16.3(f)** of the Criteria. Any costs incurred during prep or wrap days offshore are excluded from QNZPE. Where cast/crew have taken a long-haul flight (as that term is understood by the NZFC) costs associated with a “rest day” following that flight may be claimable as QNZPE.

TPE (TOTAL PRODUCTION EXPENDITURE)

What is TPE?

TPE (Total Production Expenditure) is defined in **Appendix 2** of the Criteria. It is essentially the total production budget (worldwide) less certain excluded costs.

TPE is only relevant if your production is an official co-production between New Zealand and another

country or countries, and you are using TPE to calculate the expenditure threshold.

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.