



THE FILM TAX REBATE

What is the Fiji Film Tax Rebate?

The Film Tax Rebate is a cash subsidy offered to fully funded productions that come to Fiji to film. The rebate is 47% of the Qualifying Fiji Production Expenditure (QFPE). The rebate is paid by the Fiji Government after a production is complete. The applicant for rebate must meet all the requirements for Film Tax Rebate set out under Part 5 of the 6th Schedule to the Income Tax Act.

What is the maximum rebate payable?

The maximum rebate payable for each production is FJ\$11.75 million. Unlike some other countries, Fiji does not have any restrictions on the number of productions that can apply for rebate in any given year. Every production that comes to Fiji and qualifies for rebate in any given year can apply for rebate when their production is complete.

Who can apply for rebate?

Under our rebate laws, an applicant for rebate must either be a Fiji resident company or a foreign company which lodges an income tax return in Fiji for the purposes of claiming rebate.

What are the essential requirements for rebate?

The essential requirements for rebate are as follows:-

- (i) The application for rebate must be lodged by a company that is either a:-
 - Fiji resident company, or
 - foreign company that lodges an income tax return in Fiji for the purposes of claiming rebate;
- (ii) The applicant must produce the film;
- (iii) The film must be produced for exhibition or distribution via:-

- cinema
 - television broadcast
 - pay television
 - video recording
 - DVD, or
 - Internet;
- (iv) The completed film must be a:-
- large format film
 - feature film
 - short film
 - broadcast television programme (including television movies, mini-series, drama series, situation comedy series, documentaries and documentary series, educational programmes and series, animation series and current affairs series)
 - advertising program, or
 - television commercial;
- (v) The film must not be culturally derogative of Fiji or its people;
- (vi) The applicant must spend in Fiji a minimum QFPE of FJD\$250,000 for feature films or FJD\$50,000 for television commercials (TVC);
- (vii) The applicant must demonstrate to the satisfaction of the Minister responsible for FAVC that it will be able to release or distribute the completed film or TVC in at least 1 international market;
- (viii) The applicant must demonstrate to the satisfaction of the Minister responsible for FAVC that it will:-
- Engage the services of Fiji citizens (or residents) in the film; and
 - Utilise technicians, students and technical facilities at the Film School at Fiji National University (FNU) or any other specified local institutions.

What expenses qualify as QFPE?

A full list of the expenses that qualify as Qualifying Fiji Production Expenditure (QFPE) is set out in Division 3 of Part 5 of the 6th Schedule. Essentially, this covers money paid through a Fiji Production Bank Account for goods and services used in Fiji for the production of the film. Staff at the FAVC will be more than happy to discuss these in more detail with you to ensure that you fully understand the scope of expenses to which rebate will apply, before you commit to filming in Fiji.

What must you do first if you're thinking about applying for rebate?

Where a producer is thinking about applying for rebate in a film or TVC to be filmed in the Fiji Islands, he must contact the FAVC in writing (by fax, mail or email) and

provide a brief summary of his proposed film or TVC. Details to be submitted must include:-

- Details of production company
- Script
- Proposed budget
- Source of funds
- List of proposed cast
- Total number of crew
- List of Fiji locations (if known)
- Proposed filming schedule
- Plans for release and distribution
- Plans to utilise Fiji residents, film school students, technicians etc in the film

Once the FAVC has all this information, it will make a preliminary determination on whether the film or TVC qualifies for rebate. If yes, the FAVC will write to the production company to formally approve their coming to Fiji to film under this incentive. Once you have this preliminary Rebate Approval Letter, you may go ahead and firm up on your arrangements to come and film and Fiji.

When is the application for rebate actually made?

A rebate application form will be provided to you along with your Rebate Approval Letter (see above). The application for rebate is made in the prescribed form after the production is complete. The application must include a set of audited final accounts for the production. These final accounts will enable the FAVC and the Fiji Government to determine the actual amount of QFPE for the production and the rebate payable.

On Receiving the application for rebate, the FAVC may seek independent advice on issues such as:-

- whether or not the items claimed as QFPE are reasonably attributable to production expenditure;
- whether or not the costs charged for specific items are made on an arm's length basis;
- whether or not the costs between subsidiary companies and parent/associate companies are commercially reasonable.

If the application meets all the requirements under our rebate legislation, the FAVC will make a recommendation to the Minister for the payment of the rebate.

What are the audit requirements?

The principle requirement is that the audited accounts for the production must clearly distinguish between those production expenses that are QFPE (ie. production

funds actually spent in Fiji plus those funds which qualify as specific inclusions under the table in paragraph 74) and those expenses which are not QFPE. Drawing up your budget in this way will greatly help the FAVC and the Fiji Government verify that the production has met all the requirements for rebate. This will speed up the processing time and ensure that you get paid your rebate sooner.

When will the money be received?

Rebate will be paid to the applicant only after the Minister for Finance approves it. The Minister will approve rebate upon the recommendation of the FAVC and the Fiji Islands Revenue & Customs Authority (FIRCA). Depending on the availability of relevant information and auditing and processing time, rebate usually takes anywhere between 4 to 8 weeks to process, approve and pay out.

Is there a “cap” on the amount available, both on a film by film basis and in any fiscal year?

There is no cap on the amount of rebate available in any fiscal year. The only cap is on the amount of rebate that is available for each film – therefore, for each film a rebate of up to FJD\$11.75 million is available.

Where do the funds come from?

The Government of Fiji.

Are there any other special matters to note with regard to the application process?

The FAVC have found in the past that the application process, ie. verification of audited accounts and submission of the application, can be complicated and may cause considerable delay particularly if the accounts or application requirements are not met. It is strongly advisable that producers intending to come to Fiji contact a reputable accounting firm for advice and assistance even before preliminary approval is sought for rebate in Fiji.

How do you contact FAVC?

The FAVC maintains a website detailing much of the information you need to know about locations, incentives, crew and equipment in Fiji. You can contact us on telephone (679) 3306662 or email: favc@fijiaudiovisual.org.fj.