



Tax Talk- Film Making and Audio Visual Incentives

With some of the most exotic locations in the world, Fiji is fast becoming the destination of choice for filmmakers.

Diverse and easily accessible locations, English-speaking local cast & crew, and efficient service for filming approvals are just a few reasons filmmakers keep coming back to shoot in Fiji. Hundreds of locals also get employed during the shooting of TV series and movies in Fiji.

The Fijian Government has come up with a number of tax incentives to attract film director to our shores. The Film Tax Rebate is available to fully-funded productions.

Income Tax Deductions

- 150% deduction for capital expenditure on an F1 audio-visual production.
- 125% deduction for capital expenditure on an F2 audio-visual production.

Income Tax Exemptions

- Net income from an F1 production is exempt until taxpayer has received a 60% return on capital expended. Thereafter, net income will be fully taxed at the marginal rate.
- Net income from an F2 production is exempt until taxpayer has received a 50% return on capital expended. Thereafter, net income will be fully taxed at the marginal rate.

Film Tax Rebate Summary

Income Tax (Film making and Audio-visual Incentives) Regulations 2016

Film Fiji Tax Rebate	
Rebate Amount	47% tax rebate or credit on production costs spent in Fiji: paragraph 69(1)
Eligibility	Films and television productions, as per existing Sixth Schedule: paragraph 70
Minimum Spend in country	Minimum spend in Fiji F\$250,000 for feature films and broadcast television; and \$50,000 for production intended as an advertising program or commercial in at least one significant international market : paragraph 70(e)
Maximum Rebate	F\$11.75 million, so even if more than \$25 million spent in Fiji the maximum rebate is still F\$11.75 million: paragraph 69(2).
Exclusions	Where a producer has chosen to access the film tax rebate, the producer will not be able to obtain any other tax concessions under Part 5 of the Income Tax (Film-making and Audio-visual Incentives) Regulations 2016, Paragraph 68(2).

Studio City Zone Concessions

- Any sole proprietor, partnership or company that carries on a production activity (the production of, distribution of or supply of services to audio-visual productions) may qualify for an operating licence in the Studio City Zone and be entitled to an exemption from tax on the income from the production activity carried on in the Zone.
- Tax free status for “permanent residents” of the Studio City Zone on income derived as earnings from audio-visual productions.
- For residence in the Zone to be approved, in the case of citizens, the individual must be;
 - Resident in the Zone for at least 183 days
 - have pre-tax audio visual earnings in excess of FJD\$100,000;
 - Have fixed assets in the Zone in excess of FJD\$250,000;
 - and maintain a primary place of residence in the Studio City Zone.
- For residence in the Zone to be approved, in the case of non-citizens (or a citizen who derives a minimum of 80% of audio visual earnings from outside Fiji), the individual must be;
 - Resident in the Zone for at least 60 days,
 - have pre-tax audio visual earnings in excess of FJD\$100,000,
 - have fixed assets in the Zone in excess of FJD\$250,000 and
 - maintain a permanent place of residence in the Studio City Zone.

Additional Incentives (Allowable Expenditures);

- Allowable expenditure incurred for services rendered by the producers (producer’s fees) – provided that such expenditure shall not exceed 10% of the total Fiji Expenditure. Producers are not restricted to remain in Fiji throughout the production of the film.
- 75% of the expenditure incurred to purchase costumes, make-up and set design properties not available in Fiji that will be used in relation to the film production in Fiji provided that any such costumes, make-up and set design properties shall be left in Fiji at the end of the production.
- Expenditure incurred to purchase the writers story and rights for the production of the film provided that the producer submits the following documentary evidence;
- Notarized legal contract with the writer which is registered in Fiji with the Registrar of Deeds upon payment of the appropriate stamp duty;

- Evidence of payment made directly into the writer's bank account from the Fiji bank account; and receipt of acknowledgement of payment received.
- Approved post-production expenditure on the film paid from a Fiji bank account to the extent that it is incurred or reasonably attributable to approved post-production services in relation to the completing of the film made in Fiji. The maximum payable in rebate shall be granted upon the production of documentary evidence of the expenditure. Rebate is around 2%-2.5% of production budget.
- Expenditures incurred on hiring of cameras and filming equipment from outside Fiji, where such cameras and filming equipment are not available in Fiji.

Additional Requirements;

- Companies should engage Audio Visual Agents
- Fiji as a location needs to be accredited and acknowledged in the film's credits and other accreditation as stipulated by Film Fiji in their approval letter.