



Australian Government



OFFSET FROM THE ONSET:

Tips to help you get your Offset faster – from pre-production to application

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Things to think about in pre-production

- **Be very well prepared throughout the production of your project.** Regularly check the list of documents that you will be required to provide at final certification.
- Employ an **experienced production accountant/s**. Do not hesitate to seek professional offset advice
- Provide an **adequate allowance in your budget** for production accounting and offset accounting in post-production.
- Use film and television **accounting software**, which allows you to enter the requisite information and enables you to 'flag' QAPE and non-QAPE expenses. Talk to your production accountant about this.

BE AWARE: Small-to-medium business accounting software can sometimes be problematic for the POCU. Please investigate customising your software to enable a 'memo' field where full information can be entered and customise reports to print in landscape with wider columns to show more information. If the POCU cannot read the detail in the General Ledger it is not possible to conclude whether or not an expense is QAPE.

- Film production accounting software also enables you to track specific state spend, which is important to track productions that cross state borders and/or shoot overseas.
- Ensure that whoever is entering the expenditure and narratives into the **General Ledger** throughout production does this in detail – if the production accountant gets this right in the first place, it will save you time in the end.

BE AWARE: Poorly prepared General Ledgers with insufficient detail are the most common reason for the final assessment process being drawn out. The key minimum components we need to see for each transaction are: *date, supplier name, clear details of the expenditure, amount*.

- Efficiently **track QAPE throughout production** and ensure that the production accountant flags QAPE and non-QAPE items in the General Ledger throughout production – this is a very efficient way for the POCU to check what has been claimed as QAPE. It will help you to prepare the detailed report listing the breakdown of non-QAPE expenditure as requested at final certification.
- For **petty cash** – identify a breakdown of petty cash expenditure in the General Ledger. Lump sum entries in relation to petty cash are not acceptable.
- Ensure that production or accounting staff complete a detailed **international travel breakdown** throughout production – do not wait until the completion of the film to do this.

- If you are employing **'non-Australian'* crew and cast** who are working in both Australia and offshore, maintain detailed records so you can complete Worksheet (j) of the final QAPE spreadsheet. A portion of their fees will be non-QAPE.
- Maintain detailed records of any **'interested party expenditure'***. It is particularly important to maintain detailed records and calculations when a parent company is invoicing an **SPV*** for the services of parent company staff.
- Where an entry is a **reimbursement** to a parent company or similar, make sure you are able to provide the actual detail of the reimbursed expenditure to the POCU.
- Ensure that any **'estimates to complete'** have invoices in place prior to completion of the film, and prior to the end of the financial year in which the film was completed.
- Ensure that all **ATL*** contracts and **chain of title*** documents are in place – fully executed copies will be required at final certification.
- **Development*** expenditure – the repayment of development loans is not the relevant expenditure for the Offset; the POCU is interested in the goods/services you purchased with the loan funds. Collate all expenditure in relation to the development of the project in preparation for your final application. Development expenditure cannot be claimed as QAPE unless the POCU can clearly identify what you spent your development loan on.
- Following completion of your film, provide all relevant paperwork and final expenditure statements to your auditor as soon as possible.
- Submit your application to the POCU as soon as possible after the film is completed and audited – if you wait eight or 10 weeks before even submitting your application, this may impact on your cashflow via additional interest payments.

Preparing your application form

- Make sure you have downloaded the **latest** application form from the Screen Australia website.
- Fill out the final application form carefully and answer **all the questions**. This will enable the POCU to very quickly build a profile of your project. If you skip sections like 'setting' or 'production schedule', or don't list the nationalities and residency of crew/cast, this will hold up the assessment process.
- Ensure that **all worksheets** (if applicable) on the final QAPE spreadsheet are completed in detail in the templates provided. Of particular note are Worksheet (e) – Interested Parties, Worksheet (f) – Development, and Worksheet (h) – Overseas Travel.
- Ensure that **all supporting paperwork** in relation to the purchase of stock footage and music licences is included in your application. The POCU requires the actual music licence invoices in order to determine whether the licensee is an Australian resident. Bulk invoices from music supervision companies are not acceptable.

- Pre-empt any questions: if the format of a documentary is likely to be problematic, attach a statement addressing the issue of format having regard to the relevant legislation; if you have an unusual reinvestment structure, attach a statement from the producer explaining how it works.
- Ensure that the applicant contact is readily available to answer any queries that arise. Preferably allow in your budget for your production accountant to be available to answer questions. Delays of up to several weeks often occur if the applicant contact is not available to answer questions.

Remember...

- The Producer Offset operates under Tax Legislation.
- All projects are flagged with the Australian Taxation Office by the POCU on receipt of a final application.
- The onus is on you to provide accurate, reconciled expenditure statements for final certification.
- The integrity of your assessment will be compromised by poorly prepared, inadequate paperwork.
- If you get your paperwork right in the first instance (ie throughout production), the final QAPE assessment process will be faster.
- Any question the POCU has to ask slows down your assessment. Your aim should be for the POCU not to have to ask anything at all.
- The POCU team is happy to meet with applicants prior to the commencement of principal photography to answer any queries you may have about claiming the Offset.

* If you're not sure what we mean by any of these terms, check out [At a Glance](#), our quick reference guide to the Producer Offset

The Producer Offset operates under tax legislation.

It is important to note that in assessing Producer Offset applications, Screen Australia is acting under, and subject to, the *Income Tax Assessment Act 1997* and accordingly, expects applicants to provide evidence of expenditure and substantiation of arm's length pricing in the same manner as is required when substantiating expenditure for other income tax purposes.

Criminal and civil penalties apply to persons who make false or misleading statements to Screen Australia or the Australian Taxation Office. In addition, if a final certificate issued by Screen Australia is obtained by fraud or serious misrepresentation, Screen Australia can revoke the certificate.

For further information, please contact the Producer Offset & Co-production Unit.