

Section 481 Film Corporation Tax Credit

Part 15-02-04

This document should be read in conjunction with section 481 of the Taxes Consolidation Act, 1997 (as amended).

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This Tax and Duty Manual (TDM) should be read in conjunction with:

- Film Regulations 2019 (S.I. No. 119 of 2019)
- Film (Regional Film Development Uplift) (Amendment) Regulations 2019 (S.I. No. 358 of 2019)
- Film (Enhanced Credit for Lower Budget Film) (Amendment) Regulations 2025 (S.I. No. 197 of 2025)
- [TDM Part 04-10-01](#) (on travel expenses),
- [TDM Part 04-06-17](#) (on food and accommodation),
- [TDM Part 04-06-23](#) (on family wages) and
- [TDM Part 05-01-06](#) (travel and subsistence for office holders and employees)

Section 481 Film corporation tax credit is subject to EU Commission regulations on the granting of State Aid, as such, reference is made to State Aid criteria within this guidance, with definitions taken directly from EU Regulations governing State Aid.

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1 Introduction

The purpose of this manual is to provide guidance on the operation of the film corporation tax credit provided for in section 481 Taxes Consolidation Act 1997 (TCA), supplemented by the Film Regulations 2019, the Film (Regional Film Development Uplift) (Amendment) Regulations 2019 and the Film (Enhanced Credit for Lower Budget Film) (Amendment) Regulations 2025 (together called “the Regulations”). It sets out the relevant principles for determining the value of the credit, explains some of the key terms and details the self-assessment model for making claims.

The film corporation tax credit (also referred to as “the film credit”) is available to film producer companies in respect of particular expenditure on qualifying films, provided certain conditions as laid out in statute and regulations, and as specified in the film certificate, are met. It is a notified State aid in accordance with EU State aid rules.

The film credit is calculated at 32% of the lowest of:

- a) eligible expenditure,
- b) 80% of the total cost of production of the film, or
- c) €125,000,000¹

and may be claimed against a producer company’s corporation tax liabilities. In the event that the value of the credit is greater than any tax due by a producer company² in respect of a qualifying period, then a payment of the excess will be made to the company by the Revenue Commissioners (“Revenue”).

An enhanced rate of 40% may apply to the film credit for qualifying lower budget films (the “enhanced credit for lower budget film”)³. The enhanced credit for lower budget film can only apply in respect of qualifying films certified on or after 20 May 2025 (see section 4).

The film credit is available in respect of projects certified up to 31 December 2028.

¹ This new maximum expenditure amount applies to projects certified on or after 28 March 2024. The previous expenditure cap of €70,000,000 continues to apply to projects certified before this date.¹

² See 6.4 for further information on what constitutes a “producer company”.

³ Introduced by section 48 Finance Act 2024.

2 How to make a claim

2.1 Overview

The Department of Culture, Communications and Sport (“DCCS”) is responsible for the cultural application and certification process for films in respect of which producer companies wish to make a claim for the credit. Revenue then administers the film credit claims process where a film has been certified by DCCS as a qualifying film.

Claims for the film credit are made on a self-assessment basis and are subject to the [Code of Practice for Revenue Compliance Interventions](#). This Code is a set of guidelines for outlining the processes that must be followed by Revenue, taxpayers and tax practitioners when Revenue is conducting enquiries.

Under the self-assessment basis, the administration of the film credit therefore involves two steps:

1. The application to, and certification of a film as a qualifying film by, the Minister for Culture, Communications and Sport (“the Minister”).
2. The producer company makes a claim for the film credit through Revenue’s Online Service (ROS).

A ‘qualifying film’ is a film for which the Minister has issued a certificate under section 481(2).

2.2 Application for a cultural certificate [sections 481(2), 481(2C)(c), Regulations 3-6]

The first step of the application process involves a producer company applying to the Minister in relation to a film or television project for a certificate stating that the film is a qualifying film for the purpose of the credit (the “cultural certificate”). The application must be made at least 21 working days prior to the commencement of the main body of the Irish production.

The process of application for a cultural certificate is set out by the DCCS in their [guidance note](#). An application for a cultural certificate must be made directly to the Minister using the [form](#) set out by the department and accompanied by such information and supporting documentation, as prescribed in the Regulations and required in the application form.

Where a producer company is seeking to avail of the enhanced credit for lower budget film (“the enhanced credit”), the company must request, at the time of making the application

to the Minister for a cultural certificate, that the certificate specify that the enhanced credit may apply to the project. See section 4 for further details in respect of the enhanced credit.

A cultural certificate is a statement that a film is a qualifying film for the purposes of section 481 and may entitle the producer company to make a claim for the film credit. A cultural certificate will be issued by the Minister subject to a number of conditions. Conditions may be placed on the producer company and the qualifying company in relation to the project (e.g. key personnel on the project). Conditions may also be included regarding the nature of the acknowledgement required in the opening or closing credits of the film, or in relation to the skills development of personnel on the project. See 6.9 for further details regarding these conditions.

A cultural certificate is issued on the basis of the information supplied during the application process. Any material change in the information supplied that may arise as the project progresses must be notified to the Minister. If the information on which the certificate is based is incorrect, misleading or incomplete, or the Minister is not notified of material changes to the production, the certificate may not be valid for the purposes of making a claim for the film corporation tax credit.

The following flowchart gives an overview of the DCCS certification process:

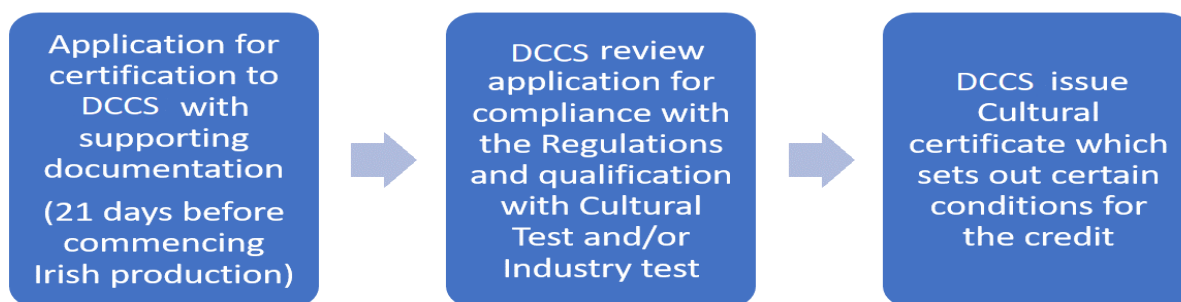


Figure 1: Film Cultural Certification Process

2.3 Making a claim through ROS [section 481(2G)(b)]

Once a producer company has received a cultural certificate and complies with the other conditions set out in section 481, it may claim the film corporation tax credit by amending its corporation tax return ("Form CT1"). Revenue may request supporting documentation to substantiate the claim at this time. The producer company is required to have all records necessary to support their claim for the credit available for consideration by Revenue at the

point of making the claim (see Regulations 2 and 5 and 5.8 of this manual for further detail on books and records).

A claim for the credit can be made by a producer company by amending the Form CT1 for the relevant accounting period through ROS, either:

- a) in full, based on **actual expenditure** within 6 months of completion of the film (Regulation 9); or
- b) for up to 90% of the expected tax credit based on **budgeted expenditure** during the course of the production of the film, subject to certain conditions, with the balance claimed, in accordance with Regulation 9, within 6 months of completion (please see 6.7 regarding the meaning of 'completion').

“Budgeted expenditure” refers to an amount expected to be expended on the production of the film, as set out in production budgets, that qualifies for relief as either the “total cost of production” or as “eligible expenditure”.

In accordance with Regulation 7(2), the claim based on budgeted expenditure is conditional upon evidence being available:

- a) (i) by way of a certificate to demonstrate that funding agreements have been executed and the attaching conditions have been satisfied, **or**
(ii) that shows an amount of not less than 68% of the amount on which the film credit is based has been lodged with a financial institution by a qualifying company,
- b) of a broken-down budget showing eligible expenditure and, where the eligible expenditure is greater than 50% of the total cost of production, the total cost of production, **and**
- c) of signed production, financing, distribution or sale of the film agreements.

2.3.1 Accounting period in respect of which the film credit can be claimed

The credit can be claimed after a Minister’s cultural certificate has been granted and once all other requirements of the credit are met. The credit is availed of by reducing the corporation tax due for the qualifying period by the value of the credit.

The “qualifying period” is the accounting period the specified return date of which immediately precedes the claim. Where this accounting period is less than twelve months, the qualifying period includes the previous accounting period that commences on a date 12 months or more before the end of the short accounting period. Where the qualifying period is made up of two or more accounting periods, the corporation tax of the earlier period is reduced in priority to the later period.

The claim is made by amending a Form CT1 which has been completed and filed. It is not possible to make a claim on a Form CT1 that has been filed early until the specified return date has also passed. However, it would be possible in such a scenario to make a claim on the previous Form CT1 which has been filed and for which the specified return date has passed. Some examples are set out below to illustrate this principle.

Example 1

Producer Company A received a cultural certificate on 1 February 2024. It prepares its accounts for the accounting period to 31 December each year.

The Form CT1 in respect of the accounting period to 31 December 2023 is due to be filed on or before 23 September 2024. Therefore, the claim cannot be made by amending the Form CT1 for the accounting period 31 December 2023 for the certification received on 1 February 2024 until after the 23 September filing date.

The Form CT1 in respect of the period 31 December 2022 was due and filed on 23 September 2023. As the specified return date for the Form CT1 has passed, Producer Company A can amend this Form CT1 to claim the credit at any time after certification once all the other requirements of the credit are met.

Example 2

Producer Company B received a cultural certificate on 1 October 2024. The producer company prepares its accounts for the accounting period 1 June to 31 May each year. In 2023 it opts for a short accounting period from 1 June to 31 December 2023 after which it intends to prepare accounts from 1 January to 31 December annually.

While the Form CT1 for the accounting period to 31 December 2023 was filed on 23 September 2024 this is for a short accounting period. Therefore, the qualifying period includes the accounting period 1 June 2022 to 31 May 2023 and the amendment should be made in the return for the earlier accounting period.

The Form CT1 in respect of the period to 31 May 2023 was due and filed on 23 February 2024. As the specified return date for this Form CT1 has passed, Producer Company B can amend the Form CT1 in respect of the accounting period 31 May 2023 at any time following certification once all other requirements of the credit are met.

Example 3

Producer Company C received a cultural certificate on 1 October 2024. The producer company prepares its accounts for the accounting period to 30 June each

year.

The Form CT1 for the accounting period for 30 June 2024 is due to be filed by 23 March 2025 but Producer Company C files this return on 1 September 2024 in advance of the receipt of the cultural certificate.

While the Form CT1 has been completed and filed in respect of the accounting period ending 30 June 2024, Producer Company C cannot amend the Form CT1 for the period to 30 June 2024 to claim the credit in respect of the film until both the cultural certificate has been received and the return filing date of 23 March 2025 has passed.

Example 4

Producer Company D received a cultural certificate on 31 December 2024. The producer company prepares its accounts for the accounting period to 30 June each year.

The Form CT1 for 30 June 2024 is due to be filed by 23 March 2025, however, Producer Company C files this return early, in January 2025.

The Form CT1 for the accounting period to 30 June 2024 cannot be amended for the cultural certification received on the 31 December 2024 until the specified return date has passed.

However, the Form CT1 in respect of the accounting period to 30 June 2023 was due and filed on 23 March 2024. As the specified return date for this Form CT1 has passed, Producer Company D can amend the Form CT1 for the accounting period 30 June 2023 and claim the credit.

2.3.2 Documentation

Prior to making a claim under self-assessment, an applicant is required to have documentation in place in accordance with Schedules 2-5 of the Regulations that will be made available to Revenue upon its request.

2.3.3 Excess credit [section 481(3)(b)]

In the event that the credit claimed exceeds the corporation tax liabilities for the qualifying period and the relevant producer company has no other outstanding taxes, the excess amount can be paid to the producer company by Revenue.

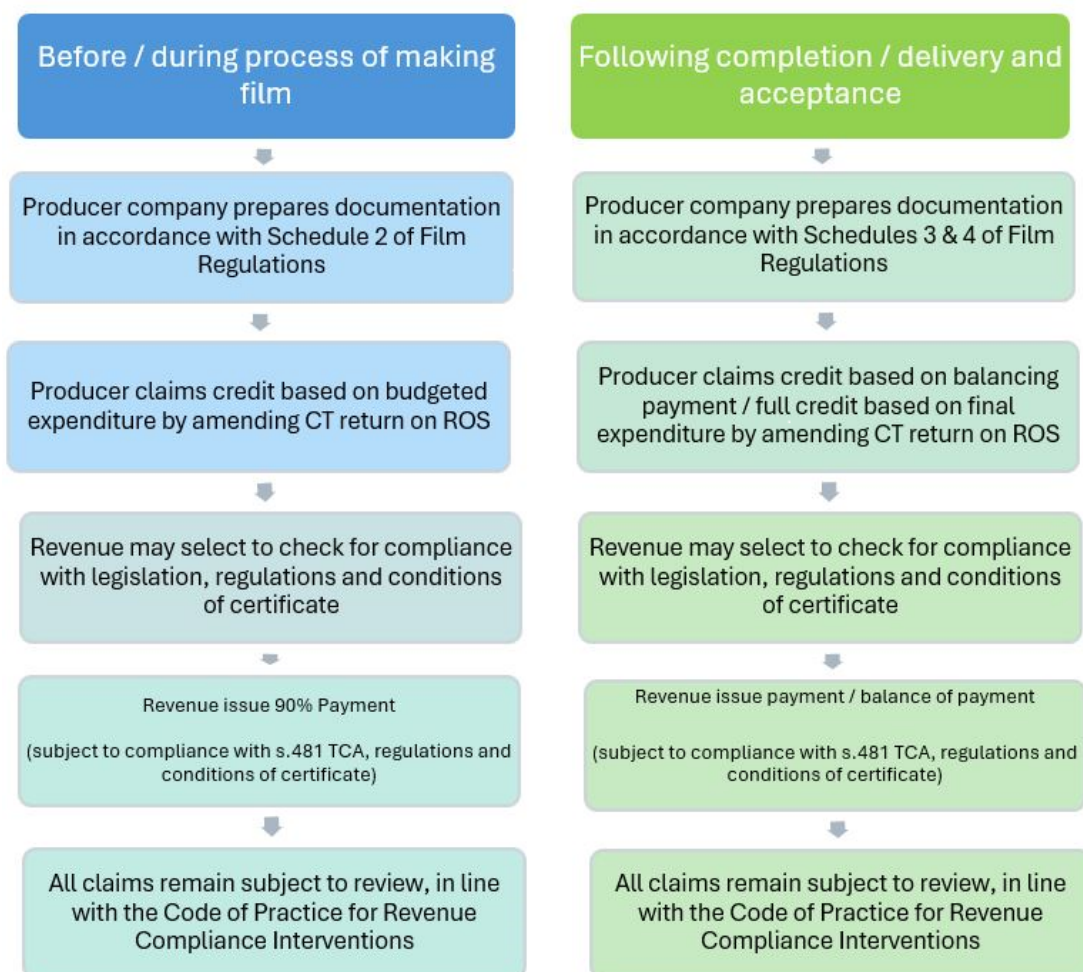


Figure 2: Application Process

2.4 Regional Film Development Uplift

The Regional Film Development Uplift was introduced in July 2019. It was available where the Irish production of a film was primarily produced in an assisted region⁴, and met certain requirements in relation to training in that locale. Where the Minister issued a cultural certificate that specified that the Regional Film Development Uplift applied, an increased rate of film corporation tax credit was available for claims made on or before 31 December 2023. The increased rates of film corporation tax credit that were available under the Regional Film Development Uplift were as follows:

- for claims made on or before 31 December 2021, the rate of the credit was 37%,
- for claims made from 1 January to 31 December 2022 inclusive, the rate was 35%,
- for claims made from 1 January to 31 December 2023 inclusive, the rate was 34%.

⁴ An 'assisted region' is an area specified in paragraph (1) of the Annex to the Commission Decision C(2014)3153

The uplift is no longer available to new claims and will only apply on completion to certified films where initial claims were made before 1 January 2024.

2.5 Publication requirements

In order to comply with State aid transparency requirements⁵, a dedicated section of Revenue's website provides information on all aspects of the film credit including a section on beneficiaries of the relief and links to lists of the recipients of the relief. The information published is as follows:

- (a) the name of the company,
- (b) the name of the film,
- (c) the amount of film corporation tax credit by reference to bands set out in the European Commission Communication on State aid for films and other audiovisual works⁶,
- (d) whether the company is an SME or larger enterprise,
- (e) the NACE classification code,
- (f) the territorial unit, within the meaning of the NUTS Level 2 classification specified in Annex 1 to Regulation (EC) No. 1059/2003 of the European Parliament and of the Council of 26 May 2003, and
- (g) the date of grant of the film credit.

⁵ Section 851A(8A) TCA 1997

⁶ 2013/C 332/01 OJ No. C332, 15.11.2013, p. 1

3 Calculating the credit

3.1 Costs which may qualify [section 481(1) and the Regulations]

To arrive at the value of expenditure that may be used in calculating the value of the film credit, an analysis of the expenditure must be carried out to determine whether it falls within the parameters of what is permitted by the legislation.

A brief synopsis of “qualifying expenditure”, the “total cost of production” and “eligible expenditure” is set out below. Further information on the meaning of each phrase is provided at section 6 of this manual.

- An analysis of the total amount of expenditure incurred to produce the film, in both the State and globally, must be carried out to determine what may be deemed “qualifying expenditure” in accordance with Part 7 of the Regulations.
- An analysis of the “qualifying expenditure” incurred both globally and in the State, to identify that which is expended “wholly, exclusively and necessarily” on the production of the film, must be carried out to determine the “total cost of production”.
- An analysis of the “total cost of production” incurred in **the State only** must be carried out with regard to individuals employed in the production of the film, individuals providing labour only services in the production of the film and the provision of certain goods, services and facilities, to determine the “eligible expenditure” in accordance with Part 8 of the Regulations.

Qualifying expenditure: total global expenditure reduced by costs not allowed under Part 7 of the Regulations;

Total cost of production: qualifying expenditure less costs not wholly, exclusively and necessarily incurred on production of the film;

Eligible expenditure: total cost of production less costs expended outside the State and, of the costs expended in the State, less those costs not incurred on employees, labour only services or certain goods, services or facilities under Part 8 of the Regulations.

‘De minimis’ levels of expenditure are required to be met in order for a producer company to be eligible to claim the film credit. The production cannot qualify for the purposes of the film credit if the value of the total cost of the production is less than €250,000 or if the eligible expenditure is less than €125,000.

Once the total cost of production and eligible expenditure for a qualifying film have been identified, it is then possible to calculate the value of the credit.

3.1.1 Calculating the value of the film credit

As set out at section 1, a claim for the film corporation tax credit is calculated as 32% of the lowest of:

- a) eligible expenditure;
- b) 80% of the total cost of production of the film; or
- c) €125,000,000.

Where the relevant conditions are met on completion of a qualifying film, and a claim is made for the enhanced credit for lower budget film, the value of the film corporation tax credit is calculated at a rate of 40%, rather than the standard rate of 32%. See section 4 for further details on the enhanced credit for lower budget film.

3.2 Examples of qualifying and eligible expenditure

The following examples illustrate the process of identifying which costs may be included in calculating the different levels of expenditure for the purposes of section 481.

Example 5

Irish producer company AB is producing a film almost entirely based in Ireland. Company AB must first review the production budget with reference to Part 7 of the Film Regulations to ascertain the qualifying expenditure. This will involve identifying and removing non-qualifying fees, costs after delivery, publicity costs, etc.

Company AB must next reduce the qualifying expenditure down to the total cost of production. Each item of qualifying expenditure must be considered under the wholly, exclusively and necessarily rule in the context of the qualifying film. For example, the purchase of specific period costumes to make a period-set film will meet the wholly, exclusively and necessarily test.

Once the wholly, exclusively and necessarily test has been applied to the qualifying expenditure, this results in the total cost of production which can be used in calculating the credit with reference to the limits. A territorial test must be applied to identify the eligible expenditure – i.e. that portion of the total cost of production which is incurred in the State subject to the requirements regarding employees and certain goods, services and facilities (see 6.3).

Company AB can now calculate its credit as 32% of the lowest of:

- a) eligible expenditure;
- b) 80% of the total cost of production of the film; or
- c) €125,000,000.

Example 6

Irish producer company BC is commissioned by a foreign broadcaster to make a television series. As the series is being produced as a service contract, it will be co-produced by the commissioning company with a significant level of costs expended outside the State. Revenue may require sight of the global budget where it is claimed that the eligible expenditure is greater than 50% of the total cost of production (or global budget) under Regulation 7(2)(c).

First, Company BC must review the total agreed budget and reduce it by any costs excluded under Regulations 11 and 12 of Part 7 to identify the qualifying expenditure. Next, they must review the budget and, using the wholly, exclusively and necessarily test, identify any costs that must be removed in order to calculate the total cost of production. Any costs not incurred in the State should then be identified to calculate the eligible expenditure in accordance with Part 8 as this figure will be used in conjunction with the total cost of production to calculate how much of the eligible expenditure may be used to calculate the credit.

3.3 Common queries - establishing value of costs

As outlined in more detail in 5.8, a producer company should have records in place to substantiate any claim for the film credit. This ensures that in the event of a Revenue compliance intervention, evidence is available to support the taxpayer's claim that the costs were "wholly, exclusively and necessarily" incurred to produce the film.

3.3.1 Costs recharged by the producer company to the qualifying company

Section 481 specifies that a special purpose production company, referred to as a qualifying company, is set up for each film (see 6.5). The legislation requires that the costs incurred in the production of the film be incurred by the qualifying company.

Revenue acknowledges that, in certain circumstances, it may be unavoidable that the producer company incurs the cost on behalf of the qualifying company. In this event, Revenue will accept bona fide costs incurred by the producer company being re-charged to

the qualifying company and forming part of the producer company's claim where the expense qualifies for relief and the necessary records are available to evidence that. In determining whether costs are bona fide, regard should be had to the "wholly, exclusively and necessarily" rule. Such costs may include:

- A direct re-charge of an expense incurred by the producer company on behalf of the qualifying company. This may occur, for example, where the producer company hires a sound stage for a number of days and charges it down to the qualifying company.
- A re-charge of a portion of an expense incurred by the producer company. This may occur, for example, where producer company staff are used for a qualifying film on a part-time basis. The method of apportionment should be substantiated and documented.

Different patterns of expenditure will be seen in different parts of the industry. For example, in animation and VFX, the majority of the costs charged to the qualifying company will be a portion of ongoing costs incurred by the producer company, whereas for live action films, more of the costs will be one-off items that can be incurred directly by the qualifying company. Therefore, different issues will arise in relation to related party expenses for different parts of the industry. Once the cost has been incurred "wholly, exclusively and necessarily" for the purposes of producing the film, and satisfactory evidence can be presented to support the claim, the cost should qualify for relief.

In determining the value to be attributed to costs charged by the producer company to the qualifying company, regard should be had to the nature of the relationship, the fact that generally, the qualifying company is established by the producer company and that, as a result, they are related parties. In that regard, for amounts paid to company directors or shareholders, or persons connected with those directors or shareholders, reference should be made to the principles set out in Revenue's TDM [Part 04-06-23 on Family Wages](#) as they will apply to these amounts.

3.3.2 Producer Fees

Production overheads and producer-related fees are a common related-party transaction, typically associated with live action films, which should be substantiated. It is recognised that production companies have significant expertise in the area of production which is required to ensure qualifying films are developed, produced, completed and delivered to the exact requirements of commissioning entities.

Eligible producer-related fees are fees paid for producer services carried out by the producer company and included as the total cost of production incurred by the qualifying company. These fees will be categorised in the budget as including "Producer", "Co-Producer", "Executive Producer" fees and "Production/Overhead" corporate fees.

Revenue will accept as reasonable and as forming part of the “eligible expenditure”, such expenditure where producer-related fees relate to services that:

- a) are typical or representative of what a producer operating in the relevant market segment would normally be expected to do (please see 6.10 for further details);
- b) are performed wholly, exclusively and necessarily for the purposes of the film production; and
- c) fall within certain parameters as follows:
 - i. that the eligible producer-related fees do not exceed 15% of the global budget where the eligible expenditure is in excess of 80% of the global budget; or
 - ii. that the eligible producer-related fees do not exceed 10% of the global budget where the eligible expenditure is less than 80% of the global budget.

Where production companies have in-house expertise in other production areas, for example, Director, Legal Counsel, Head of Production, Writer, Script Editor, other Editorial, the production company is permitted to charge the costs of the services of these individuals to the budget at cost-recovery rates only.

It should also be noted that the percentages indicated above are not intended to operate as a minimum-level fee rate for production services. Equally, the percentages may be higher where it can be substantiated. Regard should be had to the arm’s length principle in determining what the market rate would be. The arm’s length principle operates to attribute a price to a transaction at a level where it would be reasonable to consider that the transaction would have been entered into by independent parties.

Producer companies must ensure that, at all times, they are not in breach of section 481(2A)(f)(i) (see 5.3.1) and that the requirement for expenditure to be “wholly, exclusively and necessarily incurred” is adhered to.

3.3.3 Costs included in certain contracts between producer company and third parties
As noted above, arrangements can differ across sectors within the film industry. While producer fees may typically be associated with live action films, single, comprehensive, third-party contracts which cover the entire production/piece of work may be a more common feature in respect of the animation industry or VFX.

In that regard, where there is an agreement with a third party, for example, where a producer company has been commissioned to produce a film, or part of a film, by a third party and the producer company engages the qualifying company for the film, then the costs set out under the contract between the third party and the producer company may be

re-charged to the qualifying company to enable them to be included in any claim for the credit, subject to the comments below.

Should the claim for the film credit ever be subject to a Revenue compliance intervention, the contract may be accepted as a document evidencing the claim for the tax credit in respect of that expenditure. Subject to the other conditions relating to allowable costs being satisfied, this may be feasible where, for instance:

- the third party is such that it would be reasonable to assume that the arm's length principle⁷ applies to any contract between it and the producer company;
- any contract entered into with a producer company is comprehensive and detailed; and
- it can reasonably be presented as evidence that the specified costs are “wholly, exclusively and necessarily” incurred to produce the film.

3.3.4 Costs that will not qualify for relief

As outlined in 3.3.3 above, for example, in the event of any Revenue compliance intervention, Revenue officers may consider that a contract between a well-established, independent third party and the producer company provides reasonable evidence to support a claim for the film credit, subject to the condition that the costs being re-charged were “wholly, exclusively and necessarily” incurred. In other cases, more details may be required. In addition to items of expenditure that would not be considered “qualifying expenditure” or “eligible expenditure” in accordance with Parts 7 and 8 of the Regulations, costs that will not qualify include:

- Amounts that are re-charged to the qualifying company, but were not costs actually incurred by the producer company. These cannot qualify under the “wholly, exclusively and necessarily” rule as no costs were actually incurred. However, where the amount to be re-charged relates to use of an asset, for example, a set and that set is owned by the producer company and used in the production, then that cost may qualify for the tax credit as capital expenditure, as described under 3.12;
- Amounts re-charged to the qualifying company that are in excess of the cost actually incurred by the producer company. A producer company may not claim relief on any amount recharged to the qualifying company in excess of the cost it actually incurred. Such inflated costs would not qualify under the “wholly, exclusively and necessarily” rule.

Example 7 – leasing space

⁷ i.e. that the parties are non-related, independent entities dealing with each other at arm's length.

If the qualifying company leases space from the producer company, the first question must be: how much is the space costing the producer company? The cost charged to the qualifying company should not generate an un-earned profit in the producer company. Therefore, if the producer company is leasing the space from a third party, a portion of the cost of that lease (allocated on floor space) may be an appropriate amount to charge.

Example 8 – employee costs

A producer company has a number of full-time crew on its payroll, whose services are provided to each of its qualifying companies as required. In calculating the amount that can be charged for their services, regard should be had to both the salary of each crew member, but also the costs associated with having full-time employees (e.g. HR costs, hiring costs, training costs etc.). The value at which the crew are recharged should take account of the ongoing costs of employment.

3.4 Catering

Reasonable on-site catering, away from the production office, which is available to all staff for the duration of a shoot, at a location, will be accepted as eligible expenditure. For smaller productions this may be the provision of a fully stocked fridge, rather than a catering truck. It is important to note that where a person is away from the production site where the on-site catering is available, the normal rules will apply to reimbursements (e.g. they must either be within the civil service rates, necessary and subject to PAYE or invoiced under a contract for services).

3.5 Travel and subsistence expenses - employees

The reimbursement of travel and subsistence expenses to employees involved in the production of the film, where those reimbursements are in line with civil service rates (refer to TDM [Part 05-01-06](#)), will in most cases be accepted as incurred wholly and exclusively in the production of the film. This covers both “per diem” (i.e. daily) expenses and re-charges of vouched expenses.

Generally, reimbursements in excess of the allowed amounts will not be included as expenditure upon which the tax credit may be claimed. However, where such amounts are subject to PAYE and they are wholly, exclusively and necessarily incurred in the production of the film they may be accepted as forming part of the total cost of production. Revenue’s manuals listed below should be consulted.

[TDM Part 04-10-01](#) (on travel expenses),
[TDM Part 04-06-17](#) (on food and accommodation),
[TDM Part 04-06-23](#) (on family wages) and
[TDM Part 05-01-06](#) (travel and subsistence for office holders and employees).

3.6 Travel and subsistence expenses - Self employed

Where the qualifying company reimburses individuals other than employees for travel and subsistence, that reimbursement must be made pursuant to the individual's contract for services and any such amount should be included on an invoice from that individual to the qualifying company. Such invoices should provide clear details of the expenses in respect of which the reimbursement is sought (for example, so that it is possible for the qualifying company to determine whether or not the expense relates to goods/services acquired from an Irish supplier).

3.7 Other individuals

Amounts paid in respect of individuals (e.g. flights to Ireland for spouses, children or specific personnel providing services to an actor) who are not providing any service to the qualifying company directly will not form part of the total cost of production.

3.8 Expense Items

Care should be taken in respect of taxi costs that the use of taxis is wholly, exclusively and necessarily incurred on the production of the film. Where taxis are used in a manner that would not give rise to a benefit-in-kind (BIK) on an employee, then it is likely that the cost can be included within eligible expenditure. Details of passenger name, from/to destination, amount, date and purpose of each trip should be recorded where taxis are reimbursed.

Receipts are required to substantiate all items of expenditure including petty cash.

3.9 Entertainment and hospitality

Staff entertainment costs, such as office parties, wrap parties, gratuities, flowers or gifts are not wholly and exclusively incurred on the production of the film. They therefore do not qualify as part of the total cost of production.

3.10 Publicity [Regulation 12(a)]

Publicity and launch parties cannot relate to the production of the film, meaning that costs associated with these cannot form part of the total cost of production. Equally, web presence and social media campaigns are not eligible expenditure. Cinema hire, to show the film, is not a cost of production but it is accepted that reasonable cinema hire for test screenings, prior to completion of a film, is a cost of production.

3.11 Gifts/Gratuities and voluntary payments

Gifts and gratuities will not form part of the total cost of production. Any amount paid by the qualifying company which it did not have to pay – a voluntary payment – will not be eligible expenditure. Fees linked to production, but which are not necessary to the production, such as association and membership fees (for example, Screen Producer's Ireland Levy) do not form part of the total cost of production or are not eligible expenditure.

Note: section 481 provides that for costs to qualify as amounts upon which the film credit may be claimed, they must be incurred in the production of the film. Other bona fide business expenses that fall outside of what is permitted by section 481 may still qualify for a corporation tax [deduction](#) at a rate of 12.5%.

3.12 Capital items [Regulation 12(e)]

3.12.1 Larger capital items

Consideration must be given to items of a capital nature which are used for the production and which have a value at the end of that production. Regulation 12(e) stipulates that expenditure on capital assets used in a production, which are not used up in that process, is non-qualifying expenditure. This means that expenditure on capital items may only be included as qualifying expenditure if used up during the production.

Revenue accepts that a production company may utilise capital items over the course of a number of productions (e.g. IT equipment or a set). Revenue will accept as reasonable, the apportionment of the cost of that capital item across a number of productions, where it is clear that while the capital item is not used up in the production of a particular project, that project could not be produced without utilising those capital items.

An apportionment calculated in line with the principles of Capital Allowances may be considered reasonable. This will depend on the circumstances of each case and some items may have an accelerated rate which may be more appropriate to use. It will be the responsibility of the production company to provide evidence of the cost it is claiming on an individual production and equally across all productions where the cost is being claimed.

Example 9

A production company purchases expensive IT equipment to produce a TV series in January 2024. On completion of the 12-week shoot, the IT equipment still has a value and can still be utilised.

It is not appropriate to claim the full cost of that equipment in the expenditure of the TV series, as it is not used up. The production company intends to use the IT equipment again in the production of a film later in the same year. They believe they will have further use for it in 2025 in the production of season 2 of the TV series in 2025 but no other use in that year.

In the normal course of business, this item is depreciated at 12.5% per annum based on the net cost of the asset. It may be acceptable that an apportionment of 12.5% across the two productions may be claimed as qualifying expenditure in 2024. It may equally be possible to claim the full 12.5% solely against season 2 of the TV series in 2025, if it is put to no other use in that year.

3.12.2 Smaller Capital Items

Equally, where larger capital items in general would not naturally be used up in the course of one production, it is not realistic that smaller capital items (e.g. phones, laptops, tablets etc.) are always used up over the course of one production. Revenue will apply a similar principle to the apportionment of smaller capital items to that of larger as set out in 3.12.1.

Example 10

Ten smart phones are purchased for use by actors hired during the production of a film to be shot on location in Ireland. The 4-week shoot commences in March 2024 and ends in April 2024 at which time the phones are handed back to the production

company.

The smart phones still have a value and will continue to be used on other productions. It is not appropriate that the entire cost of these phones is charged to the production of the film in 2024.

It may, however, be acceptable that an apportionment be claimed as qualifying expenditure in 2024. In some instances, it may be acceptable that an accelerated apportionment is claimed, as the useful economic life of the asset may be less than the norm. Equally, if an item is only in use for a small period of the year, the apportionment should reflect that.

3.13 Professional fees [Regulation 12]

In calculating the taxable trading profits of a company, it has been a long-standing practice that the costs of preparing the accounts and the tax return are treated as wholly, exclusively and necessarily incurred for the purposes of producing a qualifying film. On that basis, reasonable costs associated with a production accountant will be accepted as eligible expenditure.

The costs of acquiring rights necessary for the production of the film may form part of the total costs of production. Therefore, any legal fees associated with acquiring those rights may also be included in the total costs of production.

Costs incurred for tax consultancy services and costs in respect of any Companies Registration Office obligations i.e. the company formation, statutory returns and associated filing fees, are not allowable.

3.14 Financing costs

Expenses incurred in raising financing are incurred to put the company in a position to produce a film, but they are not wholly, exclusively and necessarily incurred in the production of a film. Therefore, these amounts are not included in the total cost of production.

Where a loan is advanced to assist with development of a project, the cost of repaying that loan is not eligible expenditure. However, the actual costs which the loan was taken out to

meet may have been incurred wholly, exclusively and necessarily in developing the project and may qualify as eligible expenditure.

3.15 Training costs

Costs related to skills development on the production of a film, for example, as required by the Minister for the purposes of the cultural certificate, may be treated as total cost of production and eligible expenditure and would not incur a BIK⁸ for the individual.

3.16 Development expenditure

Costs may be incurred in Ireland during the development of a film project. If the same producer company continues to produce the film, such costs may be eligible expenditure for the purposes of the production of a film.

However, if another producer company purchases the rights to further develop the project in place of the former producer company, this cost is now considered to be an intellectual property (IP) acquisition cost. While the IP acquisition costs, and subsequent relevant costs, may be included in calculating the value of expenditure upon which the film credit may be claimed, any costs incurred prior to the point of the IP acquisition must be ignored in calculating this amount.

⁸ [BIK](#)

4 Enhanced Credit for Lower Budget Film (Scéal Uplift)

The “enhanced credit for lower budget film” (also called the “Scéal Uplift”) was introduced in Finance Act 2024 and applies only in respect of qualifying films certified on or after 20 May 2025. Where the relevant criteria are met on completion of a qualifying film (see 4.1), the film credit may be calculated using an enhanced rate of 40%, rather than the standard rate of 32%. In addition to the specific requirements to be met to avail of the enhanced credit, a film must also meet the general requirements of section 481 as set out in this TDM.

4.1 Lower budget film [section 481(1) and Regulation 3B]

A “lower budget film” is a qualifying film which also meets the following criteria:

- (a) It must be a feature film or animated film of feature length;
- (b) One or more key creative roles in the production of the film must be carried out by Irish or EEA nationals or ordinary residents; and
- (c) The qualifying expenditure (see 6.1) incurred on the completed film must be less than €20 million.

A film will only be considered a feature film or animated film of feature length where that film is intended for theatrical release. This means that the film is intended to be shown to the paying public at an Irish cinema or theatre for at least 5 days⁹.

For the purposes of meeting the requirements of paragraph (b) above, a “key creative role” includes the film director or film screenwriter¹⁰ or any of the following roles where any of these roles are performed by one or more Irish or EEA nationals or ordinary residents:

In the case of a feature film:

- Editor,
- Cinematographer,
- production designer, or
- composer.

In the case of an animated film of feature length:

- art director,
- production designer, or
- composer.

⁹ Evidence of this intent must be included in the detailed finance plan that is submitted with the application to the Minister for a cultural certificate (see 2.2).

¹⁰ Where the film has more than one director or screenwriter, the requirement will be satisfied by reference to the lead director or screenwriter in the production.

4.2 Application for a cultural certificate [section 481(1C) and Regulation 3B]

As outlined in 2.2, where a producer company wishes to avail of the enhanced credit for lower budget film, the company must request, at the time of making the [application to the Minister](#) for a cultural certificate, that the certificate specify that the enhanced credit may apply to the film. The application for a cultural certificate must meet the requirements for the purposes of section 481, in addition to the specific criteria for the enhanced credit for lower budget film.

Where the Minister is satisfied with the application, and it is expected that the relevant criteria for a lower budget film (see 4.1) will be met, the cultural certificate will issue in respect of the qualifying film and will state that the enhanced credit for lower budget film may, on completion, apply in respect of that film.

4.3 Making a claim for the Enhanced Credit for lower budget film [section 481(1C) and Regulation 3B]

As outlined in 2.3, a producer company can make a claim for the film credit at 32% either in full, based on actual expenditure within 6 months of completion of the film, or for up to 90% of the expected credit based on budgeted expenditure during the course of production of the film, with the balance claimed within 6 months of completion.

Where, however, the cultural certificate states that the enhanced credit for lower budget film may apply, the producer company may only claim the film credit at the enhanced rate of 40% on completion of the film and once it is satisfied that the criteria for a lower budget film are met (a “final claim”). A claim for the enhanced credit for lower budget film may therefore be made in the following manner:

- A. The producer company may make a final claim for the film credit in full based on actual expenditure incurred. The value of the credit will be calculated at the enhanced rate of 40%; or
- B. The producer company may make a claim for the budgeted film corporation tax credit at the standard rate of 32%. On completion of the film, the producer company may make a final claim for the film credit based on actual expenditure incurred and the credit will be calculated at the enhanced rate of 40%. The amount payable to the company will be less any amount already claimed using the 32% rate.

Where the enhanced credit for lower budget film applies, the film credit will be calculated at 40% of the lowest of:

- the eligible expenditure,
- 80% of the total cost of production, or
- €20 million.

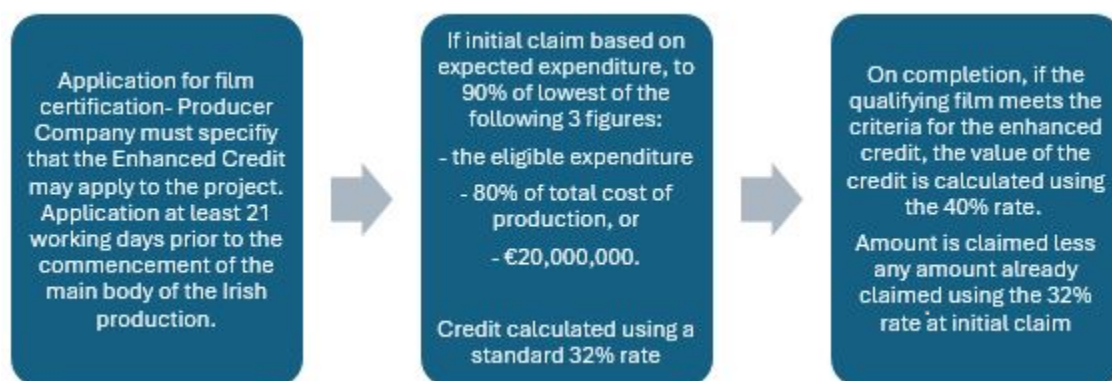


Figure 3: Enhanced credit for lower budget film application and claim process

Where a producer company makes a final claim for the enhanced credit for lower budget film, in either manner as set out above, the producer company must, in addition to amending its Form CT1 (see 2.3), submit a completed “[Enhanced credit for lower budget film – Declaration of Producer Company](#)” (the “Enhanced Credit Declaration”) through MyEnquiries via ROS, selecting the following:

Category → Corporation Tax (CT)
 Subcategory → Film Tax Credit

Example 11 – Final claim only

Irish producer company AB is producing a feature film with a total cost of production of €18,000,000 and an eligible expenditure of €16,000,000. The key creative roles of film director and production designer are carried out by individuals who are Irish nationals. The film also meets all other requirements of section 481.

Company AB applies for, and is issued with, a cultural certificate which states that the enhanced credit for lower budget film may apply to the project.

Company AB does not make a claim for the budgeted film corporation tax credit.

Following completion of the film, Company AB is satisfied that it has met the criteria for a lower budget film and makes a claim for the film credit seeking the enhanced credit for

lower budget film. The value of the credit will be calculated at the enhanced rate of 40% of €14,400,000 (i.e. 80% of €18,000,000 total cost of production, which is the lowest relevant amount).

Example 12 – Budgeted claim and final claim

Irish producer company MN is producing a film with a total cost of production of €18,000,000, and an eligible expenditure of €15,000,000. One or more key creative roles are being carried out by individuals who are EEA nationals. The film also meets all other requirements for Section 481 certification.

While making their application for certification to the DCCS, the producer company indicates that they seek to have the enhanced credit for lower budget film apply to the project. Following consideration, the cultural certificate specifies that the enhanced credit may apply to the production.

Having received their cultural certificate and satisfied other requirements of section 481, the producer company makes a claim during production for 90% of the budgeted film corporation tax credit. The amount of the credit is calculated using the standard rate of 32%. Therefore, the amount of credit claimed is €4,147,200 ($€18,000,000 \times 80\% \times 32\% = €4,608,000 \times 90\%$).

Upon completion of the film, the producer company confirms that it has met the criteria for the enhanced credit for lower budget film and makes a final claim for the film credit, submitting the Enhanced Credit Declaration form at the same time. The final expenditure incurred is as budgeted. As the enhanced credit for lower budget film applies in respect of this production, the final credit is calculated using the 40% rate and the final claim is made less the amount of credit already claimed at the standard rate of 32%.

Final Claim – Enhanced rate for lower budget film

80% of Total Cost of Production (as lowest relevant amount)	€14,400,000
Film credit at enhanced rate of 40%	€5,760,000
Amount claimed at 32%	€4,147,200
Amount of credit due on final claim	€1,612,800

5 Eligibility for the Film corporation tax credit

5.1 Tax compliant [section 481(2A)(b)(ii)]

The producer company, the qualifying company and other companies controlled by the producer company, in addition to anyone linked to the producer company or qualifying company through a 15% shareholding, must be tax compliant in order to be eligible to claim the film credit. This includes ensuring that PAYE is correctly operated on emoluments for all employees.

The obligation to be tax compliant before making a claim is set out under section 481(2A)(b)(ii). If the accounts are prepared by an agent or accountant, they may keep the records on behalf of the taxpayer. However, the taxpayer is ultimately responsible for their record keeping. Further information regarding taxpayers' obligations in relation to keeping books and records is set out at 5.8.

5.2 Corporate structure [section 481(2A)(f)(ii)]

Simple structures provide the most transparent mechanism for the delivery of the project. Complicated structures involving a large number of companies or other entities for the production, financing or distribution of a film may result in any claim for the film credit being refused where it is reasonable to consider that there is no commercial rationale behind the structure. Equally, a producer company may not be entitled to make a claim in respect of the tax credit where the corporate structure hinders Revenue in verifying or establishing compliance with the conditions of the credit.

5.3 Budgeted Film Corporation Tax Credit [section 481(2G)(b)(i)]

5.3.1 Inflated expenditure [section 481(2A)(f)(i)]

A producer company shall not be entitled to make a claim for a "budgeted film corporation tax credit" under section 481(2G)(b)(i) if it would be reasonable to consider that any item of proposed expenditure is inflated i.e. artificially increased.

5.3.2 Project funding [Regulation 7(2)]

Signed and fully executed finance agreements from all those contributing funding form part of the documentation required to support a claim for the budgeted film corporation tax credit. These agreements must indicate the amount of each contribution and when the funding will be made available to the producer company or another entity participating in

the production of the film (for example, a co-producer). The funding must be made available to the company on terms whereby it will not be repaid until the film has been delivered and accepted. The funding must be made available by way of a cash contribution, for example, by way of a loan or subscription for shares or other cash investment. It is not acceptable to provide the funding in non-cash form by, for example, deferring fees.

5.4 Undertaking in difficulty [Rescuing and Restructuring Guidelines]

The film credit under section 481 cannot be claimed where the producer company or the film group (see 5.4.1) of which it is part is an undertaking in difficulty.

A producer company or a company in the film group will be considered an “undertaking in difficulty” when, without intervention by the State, it will almost certainly go out of business in the short to medium term. Therefore, an undertaking is considered to be in difficulty if at least one of the following circumstances occurs:

- (a) in the case of a limited liability company, where more than half of its subscribed share capital and share premium has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital;
- (b) in the case of an unlimited company, where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses; or
- (c) where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

For the avoidance of doubt, where the undertaking is part of a group and, on consolidation the overall group is not an undertaking in difficulty, then the producer company or other company within the film group will not be considered an undertaking in difficulty.

5.4.1 Film group [Regulation 2]

A film group is made up of a producer company and all of its partner businesses and linked businesses.

5.4.2 Linked businesses

Two businesses (being businesses carried on either by a company or a sole trader) are considered linked businesses where:

- (a) one business holds the majority of the voting rights in the other business,

- (b) one business can control the board of the other business,
- (c) one business has a right to exercise dominant control over the other because of a contract or because of something in the business' constitution, or
- (d) one business, which is a shareholder in another business, can actually control that other business because of a shareholder agreement.

Businesses are also considered to be linked businesses where one of the relationships in (a) to (d) above arises through one or more businesses.

5.4.3 Partner businesses

Two businesses are considered partner businesses where they are not linked businesses and where one business (either solely or along with linked businesses) holds 25% or more of the share capital or voting rights of another business.

5.4.4 Natural persons test

Where one of the relationships listed at (a) to (d) in 5.4.2 is traced through a natural person, or a group of natural persons acting jointly, the businesses may be linked businesses (the "natural persons test"). They will only be linked where the two businesses are in the same or adjacent markets. Businesses are considered to operate in adjacent markets if they are operating in the market directly downstream or upstream of each other, e.g. in customer/supplier markets, regardless of whether or not there is a customer/supplier relationship between the businesses. They do not have to have a direct customer/supplier relationship, it is sufficient that there is the potential for such a relationship to exist for the businesses to be linked. Two or more businesses may be linked businesses if they are owned or controlled by the same individual or the same group of individuals acting jointly. The "natural persons test" is only applicable to linked businesses and does not apply to partner businesses.

5.5 Deggendorf rule [section 481(2A)(vi)]

A producer company cannot make a claim for the film credit if any company in the film group is subject to an outstanding recovery order. The "Deggendorf rule" provides that an applicant in respect of state aid in one Member State cannot be granted the aid applied for where a declaration is made by the European Commission to the effect that an aid granted by another Member State is illegal and incompatible with the internal market. This remains in place until all amounts due to be repaid to the latter Member State have been returned.

5.6 Certain financial arrangements [section 481(2C)(b)]

A company shall not, other than in certain specific circumstances, be a producer company if the financial arrangements that the company enters into, in relation to the qualifying film, are:

- (i) financial arrangements of any type with a person resident, registered or operating in a territory outside the EU or a territory with which Ireland does not have a Double Taxation Treaty (DTT); or
- (ii) financial arrangements under which funds are channelled, directly or indirectly, to, or through, a territory outside the EU or a territory with which Ireland does not have a DTT.

A company may still be regarded as a producer company if the arrangements involving such a territory relate to an investment in a qualifying film and/or the filming of part of a film in the territory, provided sufficient records are in place.

5.7 Withdrawal of the film credit [section 481(3A)]

5.7.1 Circumstances where the film credit may be withdrawn

The legislation provides that an amount of the film credit may be withdrawn from the producer company where the producer company or the qualifying company, as relevant:

- a) makes a claim contrary to section 481(2G),
- b) fails to comply with any of the provisions of section 481 or the Regulations,
- c) fails to comply with any of the conditions specified in a cultural certificate,
- d) fails to comply with section 481(2A)(b)(ii) (i.e. the producer company, qualifying company, any company controlled by the producer company, and each person who is either the beneficial owner of, or able directly or indirectly to control more than, 15% of the ordinary share capital of the producer company or the qualifying company is not fully tax compliant within the time referred to in section 481(2C)(e)),
- e) makes a claim for the budgeted film corporation tax credit and there is a reduction in the budgeted expenditure so that the amount claimed is in excess of 90% of the revised budgeted film corporation tax credit, or
- f) makes a claim for the film corporation tax credit and the amount budgeted, upon which a claim was based, is not spent wholly and exclusively on the production of the qualifying film without unreasonable delay.

5.7.2 Interest and penalties [section 481(3A)(e) and Revenue Code of Practice]

Where an amount of the film credit is to be withdrawn from a producer company, interest will accrue from the date on which the amount was paid by Revenue. Depending on the reason for the credit being withdrawn, and the manner in which the withdrawal happens, penalties, publication and prosecution may be applicable.

Regard should be had to the [Code of Practice for Revenue Compliance Interventions](#) to determine whether or not a penalty or publication may arise. A penalty may be avoided, for example, where the amendment is a “self-correction”, an “innocent error” or a “technical adjustment”.

5.7.3 Recovery of funds [section 481(3A)(c)]

Where a credit has been paid to a producer company by Revenue and it is subsequently found that all or part of the amount is not in accordance with section 481, then the overpaid amount may be recovered from the company, any director of the company, or any person who is the beneficial owner of, or able to control more than, 15% of the ordinary share capital of the producer company or qualifying company.

5.7.4 Reduction of claim based on budgeted expenditure

As outlined in 5.7.1, if a claim under section 481(2G)(b)(i) has been made, but there is a material change to the expenditure, the producer company should revise the claim and repay any amount in excess of the revised 90% budgeted film corporation tax credit.

Example 13

Producer Company A has made a claim for the film corporation tax credit of 90% based on the expected budgeted amount of eligible expenditure. Producer Company A completes the film and is now in a position to claim the balance of the tax credit.

Producer Company A identifies that they did not in fact spend as much as they had anticipated when they originally made the claim for 90% and they have already claimed an amount in excess of what they were actually due.

Producer Company A reviewed their tax affairs throughout the process. They monitored the budget and took all reasonable steps to ensure they complied with their tax obligations. On discovery of the mistake, Producer Company A immediately amended their return and repaid the amount that was not actually due.

There is an advantage in Producer Company A reviewing their tax affairs regularly.

Revenue will facilitate taxpayers who discover errors after submission of their returns and who wish to rectify the position. To encourage this, options are outlined in the Code of Practice for Revenue Compliance Interventions, which will allow taxpayers, on their own initiative, to rectify mistakes without facing penalties. It should be noted however, that statutory interest still applies in these instances.

Not all instances of an overclaim will meet the criteria attaching to these options and it is suggested that, if there is the possibility that the budget of a production may fall short of what is anticipated, a conservative approach when claiming the initial payment would be appropriate. This can always be corrected on completion and will avoid the additional interest and penalties that may occur due to an unintentional overclaim.

5.8 Maintaining books of accounts and other records [section 481(2C)(c)]

A company will not be regarded as a producer company if it does not provide the records necessary for Revenue to verify compliance with section 481 when requested to do so.

The producer company is required to have all relevant documentation prepared before making a claim for the film credit (Part 4, Regulations), whether it is based on budgeted expenditure (section 481(2G)(b)(i)) or actual expenditure on completion (section 481(2G)(b)(ii)).

In order to minimise delays or queries, information, records and documentation should be maintained to a standard that ensures that entitlement to the film credit is clear to both the taxpayer and Revenue. For example, the amount under a particular heading on the budget may be out of line with the industry norm for a particular reason. In the event of a Revenue intervention, any claim for the film credit must be substantiated and evidenced, otherwise the amount claimed may be subject to a withdrawal.

Books and records should be used to support a claim for the film credit and so they should clearly show the accounting process. For example, costs of payments to service providers, that are to be included in any claim, should be evidenced by:

- a) being recorded in books of account in a manner that clearly shows the amounts involved and matters to which each amount relates, and
- b) supported by receipts and invoices.

Such payments being recorded as, for example, “petty cash” would not be appropriate.

Regulations 2-5, 7 and 8 set out certain books and records which must be kept by a producer company and a qualifying company, over and above the normal requirement to keep books and records as set out in the Tax Acts. The companies are required to keep these records for a period of 6 years from the completion of the qualifying film.

The records which must be kept include, but are not limited to, the following:

- books of first entry,
- trial balances,
- all linking documents to the financial statements (i.e. petty cash documents, receipts etc),
- invoices,
- credit notes,
- bank statements,
- all ledgers coded as per the original budget.

Records which show the qualifying expenditure, the total cost of production and the eligible expenditure must also be kept. Details of any transaction with a member of the film group must also be retained. In preparing the material to support a claim, the budget for the film should be in "Universal" format or similar (see Schedule 2 of the Regulations). In the case of a co-production, details should be given of the particular items of expenditure to be funded by each co-producer.

These records should be available to Revenue on a compliance review. If, during a compliance review, Revenue raises questions on the make-up of a figure included in the top sheet production expenditure summary, the company is required to have this back-up documentation ready to substantiate and evidence the amount claimed.

Separately, as the film credit is claimed under self-assessment, it is important to have regard to the rules elsewhere in the TCA with regard to maintaining books and records. Helpful information regarding the maintenance of books and records can be found in Revenue's Books and Records [TDM Part 38-03-17](#).

5.9 Obligation to produce the books and records of certain persons

Revenue may require the producer company or the qualifying company to produce sufficient appropriate evidence to vouch each item of expenditure by third parties engaged, directly or indirectly, to provide goods, services or facilities in relation to the production or distribution of the film. The records may be required in respect of expenditure in the State

or elsewhere. Producer companies and qualifying companies should ensure that procedures are in place to ensure that such evidence is available if required by Revenue.

5.10 Compliance report

Prior to making a final or balancing claim under s.481(2G)(b)(ii), the producer company must prepare a compliance report which should include the declaration set out in Schedule 4 to the Regulations and the documents listed in Schedule 5.

6 Definitions and explanations

Reference is made throughout this manual to various definitions contained in section 481 or in the Regulations. Some of these are gathered and explained in this section.

6.1 Qualifying expenditure [Regulations, Part 7]

Expenditure cannot be qualifying expenditure unless it is incurred on the production of the film, which runs from the development phase up to and including post-production, including the cost of providing an archive print (Regulation 11). The following amounts are specifically not included in qualifying expenditure (Regulation 12):

- costs associated with the distribution or promotion of the film. Electronic Press Kit (EPK) and website costs are not considered to be qualifying expenditure;
- costs arising after delivery of the materials contracted for with the relevant distributor or broadcaster;
- costs of organising or providing pre-sales monies;
- costs of acquiring rights other than those necessary for the production of the film (including relevant legal fees);
- expenditure on capital assets used in the production of a film which are not used up in that process;
- amounts that are paid out of, are dependent on, or arise from rights in the receipts, earnings or profits of the film;
- fees or other payments deferred unless the payment of such sums is made no later than four months after completion;
- professional fees associated with claiming 'tax shelters' or the film credit including opining on the eligibility for a 'shelter' or the credit.

6.2 Total Cost of Production [section 481(1)]

A claim cannot be made for the film credit where the total cost of the production of the film is less than €250,000. The total cost of production is the portion of the qualifying expenditure that is wholly, exclusively and necessarily incurred to produce the film.

The test of whether or not an expense is wholly, exclusively and necessarily incurred for a specific purpose is a tax concept determined on a case-by-case basis in accordance with well-developed, principle-based understandings. It has been the subject of much caselaw over the years. Revenue has published a number of TDMs which look at this test:

- [TDM Part 04-10-01](#) (on travel expenses)
- [TDM Part 04-06-17](#) (on food and accommodation)
- [TDM Part 04-06-23](#) (on family wages)

The principles set out in the guidance notes referred to above will be applicable in determining the total cost of production for claims for the film credit under section 481.

Given the nature of large parts of the expenditure in certain parts of the film industry, Revenue's [TDM Part 05-01-06](#) on expense payments paid to employees should also be consulted.

6.3 Eligible expenditure [section 481(1) and Regulations, Part 8]

A claim cannot be made for the film credit where the eligible expenditure amount is less than €125,000. "Eligible expenditure" is the portion of the total cost of production of a qualifying film that is expended on the production of the film in the State.

This expenditure must be incurred:

- (a) directly by the qualifying company on the employment of eligible individuals on the production of the film;
- (b) directly by the qualifying company on the provision of labour-only services by individuals on the production of the film. The qualifying company can make these payments to the individual providing the labour-only services or to a company, agent, manager or other 3rd party on behalf of the individual providing labour-only services; or
- (c) directly or indirectly by the qualifying company on the provision of certain goods, services and facilities (which may therefore include an expense not directly incurred by the qualifying company but charged to it).

Eligible individuals are individuals employed by the qualifying company for the purposes of producing a qualifying film.

In order for goods, services and facilities to be categorised as qualifying expenditure they must:

- a) be used or consumed within Ireland in the production of the qualifying film (Regulation 14); and

- b) be provided by a person who is carrying out their business from a fixed place of business in Ireland (Regulation 15 and the definition of ‘relevant person’ in Regulation 13).

Payments made to artists who are not tax resident in the European Economic Area (EEA) are subject to withholding tax¹¹.

6.4 Producer Company [section 481(1)]

6.4.1 Qualifying as a “producer company”

The film credit can only be claimed by a producer company. To be a producer company, a company must comply with all of the following requirements:

- a) it is resident in the State or an EEA State other than the State and carries on a business in the State through a branch or agency;
- b) it carries on a trade of producing films on a commercial basis with a view to the realisation of profit that are made for exhibition to the public in cinemas or by means of broadcast;
- c) it cannot be a broadcaster or a company whose business consists wholly or mainly of transmitting films on the internet, nor can it be connected¹² to a broadcaster or to a company whose business, taken together with all companies to which it is connected, consist wholly or mainly of transmitting films on the internet;
- d) it must hold all of the shares in the qualifying company (see 6.5 below);
- e) it has filed the required Form CT1 with the Collector-General in Revenue within 21 months of trading as a producer company; and
- f) it is not part of an undertaking which would be regarded as an undertaking in difficulty.

A producer company is required to be operating the trade of producing films on a commercial basis in order to qualify for the credit. This is not the same as a general trading test. A further requirement of the legislation is for that producer company to continue in that trade of producing films for a period of 12-months after the date of completion of the qualifying film.

A producer company must, at the time of application to the Minister for a cultural certificate, be carrying on the trade of producing films. The requirement to have filed a Form CT1 with the Collector General for a 12-month accounting period for which the specified return date has passed (which equates to 21 months of trading as a producer

¹¹ [Film Withholding tax](#)

¹² Connected companies are parent/subsidiary companies or those that are controlled by the same persons or their relatives (the term relatives generally includes spouses, brothers, sisters, ancestors and lineal descendants – for full details see Section 10 of the TCA)

company) is a condition which must be met before making a claim for the credit. This requirement does not apply to prohibit the producer company making an application for a cultural certificate before the 21 months period has elapsed.

Example 14

Avocado Films, a producer company, was incorporated during 2023 but only commences to trade as a production company on 1 January 2024, when it begins development work on a feature film. Avocado Films establishes a qualifying company to incur the production expenditure, secures all finance to make the film and enters into the appropriate production contract with the qualifying company.

Avocado Films applies to the Minister for its cultural certificate for the feature film on 1 July 2024 and receives approval on 31 August 2024. The qualifying film begins to shoot on 1 September 2024 and satisfies the 68% of eligible expenditure lodgement requirement by 30 November 2024.

As Avocado Films began to trade on 1 January 2024, it prepares its first set of 12-months accounts to 31 December 2024 and files a Form CT1 by 21 September 2025.

Although Avocado Films satisfies all other conditions to be in a position to make a claim for payment of the budgeted film corporation tax credit on 30 November 2024, it cannot make a claim for payment until the company's Form CT1 is filed on 21 September 2025 in line with legislative requirements.

6.4.2 Ceasing to be regarded as a producer company

A company may cease to be regarded as a producer company for the purposes of a qualifying film if it does not continue to meet certain requirements under section 481(2C). These include the company:

- a) failing to provide any records when requested by Revenue in accordance with section 481(2C)(c);
- b) failing to meet the conditions of the cultural certificate issued by the Minister;
- c) failing to notify the Minister, in writing, of the date of completion of the film and providing copies of the film to the Minister within 6 months of that completion date;
- d) making a claim under 481(2G)(b)(ii) without having a compliance report prepared to submit should it be requested by Revenue;
- e) ceasing the trade of producing films on a commercial basis on a date earlier than 12 months after completion of the film;
- f) disposing of shares in the qualifying company on a date earlier than 12 months following completion of the film;

- g) failing to enter into a contract with the qualifying company in relation to the production of the qualifying film or providing an amount less than the specified amount to the qualifying company for the production of the film.

Where a company ceases to be regarded as a producer company, any claim for the film credit will be invalidated and result in the withdrawal of any credit already claimed in relation to that qualifying film.

6.5 Qualifying Company [section 481(1)]

It is a requirement of section 481 that a special purpose production company, referred to as the qualifying company, is set up for each film. To be a qualifying company, a company must meet certain requirements:

- (a) it is incorporated and resident in the State or is carrying on a trade in the State through a branch or agency;
- (b) it exists solely for the purposes of the production of only one qualifying film; and
- (c) it does not contain in its name the words “Ireland”, “Irish”, “Éireann”, “Éire” or “National”, where the company name in question is either registered under either or both the Companies Act 2014, and the Registration of Business Names Act 1963, or registered under the law of the territory in which it is incorporated.

6.6 Qualifying Film

A qualifying film is a film for which the Minister has issued a cultural certificate under section 481(2).

6.7 Completion [Regulation 2]

Completion is defined in the Regulations as the point at which:

- (a) any commissioning party confirms delivery and acceptance of the qualifying film in accordance with written agreements; or
- (b) the date upon which the film has been screened or broadcast in a public viewing.

This means that the screening of the film at a festival would trigger the commencement of the six-month completion period. However, a festival screening or a limited test screening may be followed by additional reshoots or editing, which can be evidenced in expenditure,

and in these cases a subsequent full commercial release of a film may constitute delivery and acceptance for the purpose of triggering completion.

Delivery and acceptance in this definition relates to the delivery of a film of broadcast quality and is not dependent on the delivery of supplementary peripherals such as publicity materials or alternative versions of the film for different formats of broadcast e.g. streaming. The definition also clarifies that, for the purposes of a series, completion relates to the entire series.

6.8 When a producer company cannot make a claim [section 481(2A)(b)]

A producer company cannot make a claim for the film credit if:

- it has not received a cultural certificate for the film;
- the producer company, qualifying company, any company controlled by the producer company, and each person who is either the beneficial owner of, or able directly or indirectly to control more than 15% of, the ordinary share capital of the producer company or the qualifying company is not fully tax compliant;
- the eligible expenditure amount is less than €125,000;
- the total cost of the production of the film is less than €250,000;
- the film group is an undertaking in difficulty;
- any company in the film group is subject of outstanding recovery proceedings by the European Commission; or
- in case of claims based on budgeted expenditure:
 - a. there are not fully executed finance agreements to support the making of the film, or, if the relevant financing agreements are subject to conditions precedent to release of funding that have not been fulfilled at the time of making the claim. For example, the signature payments under a contract may have been paid but further payments may be subject to conditions including last day of shoot, receipt of the budgeted film corporation tax credit of tax credit, rough cut, etc., or
 - b. an amount not less than 68% of the eligible expenditure amount has not been lodged to the account of the qualifying company for the purposes of making the film.

6.9 Conditions attaching to the cultural certificate

The validity of the cultural certificate issued in relation to a qualifying film is subject to

conditions set out in the Minister's certificate. Breaching the conditions of the cultural certificate may lead to the producer company not being considered a producer company for the purposes of section 481. Further, where a producer company or qualifying company fails to comply with any provision governing the relief or fails to fulfil any of the conditions to which a certificate is subject, then relief may be withdrawn.

Any change of substance in the information supplied in the application form to the Minister for a cultural certificate, and on which the issue of the certificate is based, that may arise as the project progresses must be notified in writing to the DCCS in advance of the proposed change being affected, or as soon as the change comes to notice. Failure to do so may be regarded as a breach of the conditions of the cultural certificate. The following are examples of some of the requirements/conditions which may be contained in the cultural certificate:

- Information on any aspects of the film that the DCCS may, at any time, require must be submitted within such period as the Department may specify.
- The producer company shall provide two copies of the film to the DCCS within six months from the date of the completion of the production of the film in DVD format.
- The senior positions on the production shall be held by those persons as set out on the Heads of Department list.
- The "Tab M" undertaking must be signed and returned to the DCCS and the producer company and qualifying company must both comply with the undertaking.
- The TAB Z table, which forms part of the DCCS certification of a film in relation to training must be adhered to. [Note: Tab Z sets out the details of the trainee participants to which the project has committed, the Department's requirements in relation to days engaged, rates of pay and inclusion on the film's credits.]
- The requirements set out by the Department in relation to the acknowledgment of the film credit in the opening or closing credits to the film must be followed. In most cases it shall include the following: "Produced with the support of incentives for the Irish Film Industry provided by the Government of Ireland". The Government of Ireland mark must also be included.
- The Irish Producer's name shall appear in the opening credits reflecting accurately the producer's role, or exceptionally, in the main titles, as dictated by the dramatic requirements of the film.
- All provisions of section 481 and the Regulations must be adhered to and nothing in the certificate invalidates any requirement imposed by statute.

6.10 Producers Unit

6.10.1 Executive Producer

Executive Producers are common on larger projects and are likely to be instrumental in arranging the financing on a project. An Executive Producer will have built a reputation as well as fostering relationships to allow them to successfully source such financing. They may be involved in acquiring and, in some instances, developing a script on a project.

6.10.2 Producer

A Producer will more often be involved in the day to day running of the project. They will ultimately be responsible for the entire project, working on it from beginning to end. A Producer will be responsible for each element including budgets, scripts and the hiring of personnel. Such a person can often be involved in directing and producing.

On smaller projects the Producer may also take on some of the responsibilities usually associated with the Executive Producer, such a sourcing of finance.

6.10.3 Director

The Director will have the artistic vision to bring the project to fruition. They will be tasked with making the script a reality, while delivering this vision in budget, on time and from start to finish. They will be heavily involved in all aspects of the project, including casting, photography, edit and post-production. The Director may have additional responsibilities such as the Writer or even a Producer.