

Direct Taxes: Incentives

Section 481 of the Taxes Consolidation Act, 1997 Procedures in relation to Relief for Investment in Films

The following only applies to films certified prior to 31st December 2014

1. Legislation

The law provides for tax relief by both individual and corporate investors for investment in qualifying films.

The scheme provides tax relief towards the cost of production of certain films. The maximum amounts which can be raised under the scheme are:

- up to 80% of the cost of production for all budgets up to the cap of €50,000,000. in no case may the total cost of production of the film which is met by relevant investments exceed €50,000,000.

Tax relief on 100% of their investment is available to individual investors and to corporate investors.

Individual investors can invest up to €50,000 under the scheme in any year of assessment. An investor who cannot obtain relief on all his/her investment in a year of assessment, either because his/her investment exceeds the maximum of €50,000 or his/her income in that year is insufficient to absorb all of it, can carry forward the unrelieved amount to following years up to and including 2015, subject to the normal limit of €50,000 on the amount of investment that can be relieved in any one year. A corporate investor and any connected companies can invest up to €10,160,000 in any 12 month period. The total amount which can be invested in any one film cannot exceed €3,810,000.

Investment may be made by an individual company or a corporate group. Where the total investment exceeds €3,810,000, the excess can only be invested in productions with a budget of €5,080,000 or less.

[Film Regulations 2008](#)

2. Publications

[Leaflet No. IT 57](#)

3. Procedures

15.2.6

Contact with Revenue by the qualifying company, in relation to the relief for investment in films usually takes place at three stages:

- the pre-investment stage;
- the post-investment stage; and
- the compliance stage.

4. Pre-Investment Stage

A qualifying film is a film for which the Revenue Commissioners have issued a certificate under S 481 TCA 1997. The certificate is issued by the Revenue Commissioners, but both the Minister for Arts, Heritage and the Gaeltacht and the Revenue Commissioners have specific responsibilities in relation to the certification process. Notwithstanding the dual roles, there is a simplified application procedure so that the producer/promoter has to deal with only the Revenue Commissioners.

An application form by a qualifying company for a certificate, along with the required documentation, giving details of the proposed film should be submitted to:

Corporate Business & International
Division,
Revenue Commissioners,
Stamping Building,
Dublin Castle,
Dublin 2

The following documentation should be submitted with the application form:

- Covering letter of application.
- Memorandum and Articles of Association of the Qualifying Company.
- Certificate of Incorporation of the Qualifying Company.
- Track record and CVs for Producer; Director; Writer(s).
- Synopsis of Film.
- Completed Screenplay, Sample Television Scripts or Storyboard.
- Production Schedule.
- Screenplay and Writers' Agreements and Option agreement.
- Production, Financing and Distribution Agreement.
- Production Budget.

- Confirmation that no agreements, arrangements or understandings exist or are proposed that would impact on investor risk.
- Schedule of Fees.
- Letters of intent and, if applicable, letters of commitment from sources of funding other than relevant investments.
- Pre-Sales and Distribution Agreements.
- Completion Bond Contract, if applicable.
- Person Hours Schedule.
- Full List of Heads of Departments.
- Other relevant agreements and documentation.
- A diagram detailing all the parties involved, their respective responsibilities and the flow of funds between them.
- Details of any issues that might impact on the conditions for relief under section 481 of the Act.
- Where any agreements, requested above, are unavailable at the time of application, an outline of the proposed agreements, including details of the purpose of each agreement.
- Confirmation that no financial arrangements of a type referred to in section 481(2C)(b) of the Act exist or are proposed.

Any areas of doubt in relation to whether the company would be regarded as a qualifying company should be clearly outlined.

On receipt of a properly completed application form and required supporting documentation the Revenue Commissioners may, following consultation with the Minister for Arts, Heritage and the Gaeltacht, issue a certificate under S 481 TCA 1997. The certificate will include several conditions. Where a company fails to comply with any condition, the Revenue Commissioners may revoke the certificate.

5 Post-Investment Stage

At the post-investment stage certain procedures have to be followed to establish an investor's entitlement to relief as follows:

Form FILM 1 must be completed by the company in which the investment is made. It is imperative that this form is completed in its entirety. The declaration at Page 5 of the form must be made by the secretary of the company or the person acting as its secretary.

15.2.6

The completed form together with a list of investors outlining the number of shares subscribed for, the amount invested, date of investment, RSI number of each investor and any further relevant final documentation should be sent to:

Corporate Business and International
Division,
Revenue Commissioners,
Stamping Building,
Dublin Castle,
Dublin 2

If the authorised officer is satisfied with the information submitted on form Film 1, he will issue a form FILM 2 which authorises the company to issue certificates, forms FILM 3, relating to subscriptions for eligible shares to the shareholders.

These certificates on form FILM 3 enable the investors claim relief. A form for each investor is prepared in Revenue and issued to the investee company secretary, who makes some entries on this form before passing it on to the investor. An investor may not claim relief until they are in possession of the relevant FILM 3.

6 Compliance Stage

The company to whom a certificate was issued must submit to the Revenue Commissioners a compliance report within 4 months of completion of the qualifying film, containing the attachments referred to therein. This information will be available to the Revenue Commissioners in connection with any review of events, to evaluate whether or not the company has fulfilled its obligations. Particular attention will be paid to ensure that:

- The amount actually raised under section 481, does not exceed the amount specified on the certificate.
- The amount actually spent on the total cost of production is correctly stated.
- The amount actually raised under section 481, does not exceed the percentage of the amount spent on the total cost of production, as specified on the certificate.
- All the documentation and final signed, dated and witnessed versions of all agreements, required to be submitted, by the company, as part of the application for certification, have been submitted.