

House of Representatives
Supplementary Order Paper

Tuesday, 15 December 2009

**Taxation (Annual Rates, Trans-Tasman Savings
Portability, KiwiSaver, and Remedial Matters) Bill**

Proposed amendments

Hon Peter Dunne, in Committee, to move the following amendments:

Clause 2

New subclause (8B): To insert, after *subclause (8)*, the following:

- (8B) **Sections 11B, 14B to 14E, 32(4B) and (4C), and 36(2B)**
come into force on 1 January 2010.

New clause 11B

To insert, after *clause 11*, the following:

11B Film production expenditure

- (1) In section DS 2(4),—
(a) in paragraph (a), “government screen production payment” is replaced by “large budget film grant”;
(b) in paragraph (b), “government screen production payment” is replaced by “large budget film grant”.
- (2) In section DS 2, in the list of defined terms,—
(a) “government screen production payment” is omitted;
(b) “large budget film grant” is inserted.

New clauses 14B to 14E

To insert, after *clause 14*, the following:

14B Expenditure incurred in acquiring film rights in feature films

- (1) In section EJ 4(1)(b), “government screen production payment” is replaced by “large budget film grant”.
- (2) In section EJ 4, in the list of defined terms,—
(a) “government screen production payment” is omitted;
(b) “large budget film grant” is inserted.

14C Expenditure incurred in acquiring film rights in films other than feature films

- (1) In section EJ 5(1)(b), “government screen production payment” is replaced by “large budget film grant”.
- (2) In section EJ 5, in the list of defined terms,—
 - (a) “government screen production payment” is omitted;
 - (b) “large budget film grant” is inserted.

14D Film production expenditure for New Zealand films having no government screen production payment

- (1) In the heading to section EJ 7, “**government screen production payment**” is replaced by “**large budget film grant**”.
- (2) In section EJ 7(1)(a), “government screen production payment” is replaced by “large budget film grant”.
- (3) In section EJ 7, in the list of defined terms,—
 - (a) “government screen production payment” is omitted;
 - (b) “large budget film grant” is inserted.

14E Film production expenditure for other films having no government screen production payment

- (1) In the heading to section EJ 8, “**government screen production payment**” is replaced by “**large budget film grant**”.
- (2) In section EJ 8(1)(a), “government screen production payment” is replaced by “large budget film grant”.
- (3) In section EJ 8, in the list of defined terms,—
 - (a) “government screen production payment” is omitted;
 - (b) “large budget film grant” is inserted.

Clause 32

New subclauses (4B) and (4C): To insert, after *subclause (4)*, the following:

- (4B) The definition of **government screen production payment** is repealed.
- (4C) After the definition of **LAQC**, the following is inserted:

“**large budget film grant** means a payment that—

 - “(a) is in the nature of a large budget screen production grant or post-production digital and visual effects grant; and
 - “(b) is made in relation to a film or television production; and
 - “(c) is authorised by the New Zealand Film Commission in relation to a company that—
 - “(i) is resident in New Zealand;
 - “(ii) has a permanent establishment in New Zealand”.

Clause 36

New subclause (2B): To insert, after *subclause (2)*, the following:

(2B) After the definition of **government agency**, the following is inserted:

“**government screen production payment** means a payment that—

“(a) is in the nature of a large budget screen production grant, post-production digital and visual effects grant, or New Zealand screen production incentive; and

“(b) is authorised by the New Zealand Film Commission in relation to a company that—

“(i) is resident in New Zealand:

“(ii) has a permanent establishment in New Zealand”.

Explanatory note

This Supplementary Order Paper changes the treatment by the Income Tax Act 2007 of expenditure on films that receive a New Zealand screen production incentive and provides expressly for the treatment of expenditure on films that receive a post-production digital and visual effects grant.

The Taxation (International Taxation, Life Insurance and Remedial Matters) Act 2009 amended the Income Tax Act 2007 to give expenditure on films receiving a New Zealand screen production incentive the same treatment as expenditure on films receiving a large budget screen production grant. Amendments in this Supplementary Order Paper amend the Income Tax Act 2007 to provide that the treatment of expenditure on a film does not depend on whether the film receives a New Zealand screen production incentive. The special treatment under the Act of expenditure on films that receive a large budget screen production grant is also expressly applied to expenditure on films that receive a post-production digital and visual effects grant. This change confirms the current treatment of such expenditure. The amendments to the Income Tax Act 2007 include the removal of the definition of *government screen production payment* and the insertion of a definition of *large budget film grant*, which means a large budget screen production grant or a post-production digital and visual effects grant.

A definition of *government screen production payment* is inserted in the Tax Administration Act 1994 for the purposes of provisions relating to the transfer of information on films receiving a New Zealand screen production incentive, a large budget screen production grant, or a post-production digital and visual effects grant.