

Joint Committee on Tourism, Culture, Arts, Sport and Media, 20 March 2024

Opening Statement, Ian Kavanagh, Department of Finance

My name is Ian Kavanagh, I am an Assistant Principal Officer in the Department of Finance with responsibility for the section 481 film tax credit. I am also joined online by my colleague Deirdre Donaghy, who is a Principal Officer in the Department and is responsible for business tax which includes the section 481 tax credit.

On behalf of the Department of Finance, I would like to thank the Committee for your invitation to discuss ***'Supports for the development of Regional Film and TV Production'***.

The remit of the Department of Finance on this matter is limited to the film tax credit, therefore the support offered to the industry through the credit will be the focus of my opening statement.

The policy rationale underpinning the section 481 tax credit is that it intended to act as a stimulus to the creation of an indigenous film industry in the State, creating quality employment opportunities and supporting the expression of Irish and European culture.

The credit provides relief in the form of a corporation tax credit related to qualifying costs of production of certain films. The credit is currently granted at a rate of 32% of up to €70 million.

Committee members will be aware that as part of Budget 2024, Minister McGrath announced an increase of the cap on eligible expenditure from €70 million to €125 million. This increase is subject to European Commission approval. This

process is already underway as the amendment was notified to European Commission in December.

In the context of today's subject matter, with regard to regional supports Committee members may also be aware that there was previously a regional uplift provision included as part of section 481.

The uplift was available from 2019 to 31 December 2023. It was introduced as a short-term, tapered measure for productions being made in areas designated under the State aid regional guidelines, and its purpose was to support the development of new, local pools of talent in areas outside the current main production hubs.

The Department is aware of calls from the industry to extend the regional uplift. However, as discussed with the Budgetary Oversight Committee at hearings over the last year, there were impediments to the extension of the uplift in its existing form. The relief operated by reference to the Regional Aid map applicable at the time it was introduced. A new Regional Aid map has since been agreed, covering a significantly smaller geographic area, so this would no longer be an effective mechanism to target the additional support at areas outside the existing production hubs. An alternative, objective geographic indicator has not since been identified, therefore a policy decision was taken to focus on supporting and enhancing the standard film credit.

It is believed that strengthening the 32% credit as part of Budget 2024, as referenced earlier in my statement, will ensure that Ireland is in an extremely competitive position internationally when it comes to being a desirable location to produce quality productions.

It is also worth noting that, as part of Budget 2024, Minister McGrath announced the intention to introduce a new support measure for the unscripted sector. Work

is being undertaken by officials on the design of such a measure with a view to introduction in this year's Finance Act.

It is hoped that the introduction of such a measure, in conjunction with the enhancement of the standard credit will not only be of benefit to the traditional hubs but be of significant benefit to the industry on a national scale.

I would like to thank the Committee again for their invitation to appear today, and I would be happy to engage with any further questions.