



# QUALIFYING PHILIPPINE PRODUCTION EXPENDITURES

## General Guidelines

1. Qualifying Philippine Production Expenditures are the expenditures incurred in the Philippines for the purposes of producing and making the project. QPPE starts at the date the FPO confirms the reception of the complete Provisional Application and ends at the date of confirmation of the complete Final Verification by the FPO.
2. The expenses will include periods from pre-production to post-production of the project.
3. Each expense must be accompanied by either of the following:
  - a. Certified True Copies of the Principal Receipts (Official Receipts and Sales Invoices) - are the written account evidencing the sale of goods and/or services issued to customers in an ordinary course of business:
    - Official Receipt (VAT or Non-VAT) for purchases of service
    - Sales Invoice (VAT or Non-VAT) for purchase of goods
    - When Sales Invoice is on credit, a Collection Receipt must also be provided
    - Cash Invoice is sufficient
  - b. Service Contract/Job Order Contract

For services provided by individuals which will be paid by the applicant producer-

    - Must be fully accomplished, following the template provided
    - Must be accompanied by the following:
      - Proof of payment (bank transfer/deposit slip or payslip)
      - Valid government ID of the recipient of the payment
      - Certificate of Service Rendered signed by the applicant producer

4. Official Receipts and Sales Invoices must satisfy the following:
  1. Must be BIR-registered and valid
  2. Must be fully accomplished
  3. Must be issued in the name of the applicant producer only except for the following:
    - Services from the government offices e.g. Bureau of Immigration
    - Subscription to Post-paid (subject to justification)
5. Spending must be in local currency and with Filipino registered businesses and/or Filipino individuals
6. Each Primary Receipts and Supplementary Receipts must correspond to a specific expense, used for the project needs only
7. During the Final Verification, all scanned copies of Official Receipts and invoices together with the supporting documents will be collected. The sum of the submitted receipts and invoices will be compared to the approved QPPE declared during the Provisional Application
8. Apportionment calculations can be used when the service provider's invoice does not distinguish the services provided for the project or other projects of the production company. The amount to claim as QPPE will be based on a daily rate calculation multiplied by the number of days the service was provided only for the project
9. The FDCP Accounting reserves the right to review the submission of the report of expenses and may exclude any incorrect or ineligible receipt from the computation of the eligible expenses

# Qualifying Philippine Production Expenditures (QPPE) and Supporting Documents

## 1. Rights Acquisition

These are expenses incurred for anyone who contributes content to a project. Owners must assign or license their rights. These include but are not limited to the following:

<i><b>ELIGIBLE COSTS</b></i>	<i><b>SUPPORTING DOCUMENTS</b></i>
<ul style="list-style-type: none"><li>• Rights to use any music, lyrics, images, or footage included in the film</li></ul>	<ul style="list-style-type: none"><li>• Licensing Agreement</li><li>• If company: Certified True Copy of the Official Receipt</li><li>• If individual: proof of payment (bank transfer/ deposit slip or payslip), valid government ID of the recipient of the payment</li></ul>

## 2. Salaries, Wages, and Social Contributions

Theses may include, but are not limited to the following:

<i><b>ELIGIBLE COSTS</b></i>	<i><b>INELIGIBLE COSTS/ROLES</b></i>	<i><b>SUPPORTING DOCUMENTS</b></i>
<ul style="list-style-type: none"><li>• Above-the-line crew under Filipino contract (director, cinematographer, production designer, actors, editor, etc.)</li><li>• Below-the-line crew under Filipino contract</li><li>• Production company staff members can be taken into account proportionally to the period during which they are working on the project</li></ul>	<ul style="list-style-type: none"><li>• Foreign Production Staff Salaries and wages</li><li>• Script and Development related salaries</li></ul>	<ul style="list-style-type: none"><li>• Fully executed contract with the production company</li><li>• Proof of payment (bank transfer/ deposit slip or payslip)</li><li>• Valid government ID of the recipient of the payment</li><li>• Certificate of Service Rendered signed by the applicant producer (template provided)</li></ul>

### 3. Technical Goods and Services

These include but are not limited to the following:

#### **ELIGIBLE COSTS**

- **Production Rentals:** stages and locations, equipment, furniture, machinery, lighting, sound, tents and unit facilities
- **Costume and Production Design:** renting or creating/ buying of wardrobe, repairs of costumes, hairstyle and makeup, prosthetics, set construction, prop purchases and rentals, special effects live
- **Communication:** Internet connection, subscriptions (post-paid and prepaid)

#### **INELIGIBLE COSTS/ROLES**

- Script and Development related costs
- Landline billing

#### **SUPPORTING DOCUMENTS**

- Certified True Copies of the invoices and receipts
- For rentals: submit the rental contract
- Official Receipt with statement of account (in company's name)
- For personal subscriptions by production crew in excess of their monthly post-paid subscriptions: submit justification

### 4. Project Related Overheads and Other Goods and Services

These include but are not limited to the following:

#### **ELIGIBLE COSTS**

- Stationery and office supplies (e.g. notebooks, writing pads, paper and ink cartridges for printing, pens, file folders, etc.)
- Print and photocopy costs
- Shipping costs for Production equipment and supplies

#### **INELIGIBLE COSTS/ROLES**

- Purchase of electronic devices (e.g. computers, laptops, tablets, cellular phones, modems, fax machines, print and photocopy devices, etc.)
- Basic utilities (e.g. electricity, water, telephone, etc.)
- Administration processing fee and external auditing fees from the FDCP

#### **SUPPORTING DOCUMENTS**

- Certified True Copy of the Official Receipt/Sales Invoices

5. Post-Production and Animation

a. Animation Expenses

These include but are not limited to animatics, voice recording with actual voice actors, character animation, compositing, and online edit. These must be accompanied by either an Official Receipt for engaged companies or fully executed contracts for individuals.

b. Post-Production Service Expenses

These include but are not limited to image lab, image editing, voice recording, sound effects, sound design, mixing, sound editing, credits and trailers, digital visual effects, negative image film, magnetic sound film, and in general, all digital or non-digital image and sound media; renting of finishing and subtitling studios.

ELIGIBLE COSTS	INELIGIBLE COSTS/ROLES	SUPPORTING DOCUMENTS
<ul style="list-style-type: none"><li>Salaries and wages of team in charge of the following but are not limited to:<ol style="list-style-type: none"><li>Rigging and animation set up</li><li>Character conception and modeling</li><li>Set conception and modeling</li><li>Exposure sheets</li><li>Pre-visualization</li><li>Rotoscopy</li><li>Tracking</li><li>Motion capture</li><li>Layout</li><li>Animation</li><li>Set construction</li><li>Tracing opaquing</li><li>Colorization</li><li>Lighting and rendering</li><li>Compositing</li><li>Visual effects</li><li>Image and sound editing</li><li>Mixing</li><li>Permanent staff members of the post-production company (proportional to the period during which they are working)</li></ol></li></ul>	<ul style="list-style-type: none"><li>Foreign Production Staff salaries and wages</li></ul>	<ul style="list-style-type: none"><li>Fully executed contract with the production company</li><li>Proof of payment (bank transfer/ deposit slip or payslip)</li><li>Valid government ID of the recipient of the payment</li><li>Certificate of Service Rendered signed by the applicant producer (template provided)</li></ul>

### **ELIGIBLE COSTS**

- Image lab
- Image editing
- Voice recording
- Sound effects and sound design
- Mixing
- Sound editing
- Credits and trailers
- Digital visual effects
- Negative image film
- Magnetic sound film
- In general, all digital or non-digital image and sound media
- Renting of finishing and subtitling studios

### **INELIGIBLE COSTS/ROLES**

- Purchase of any type of equipment (e.g. computers, laptops, tablets, cellular phones, modems, fax machines, print and photocopy devices, etc.)
- Payment of basic utilities (e.g. water, electricity, landline telephone, etc.)

### **SUPPORTING DOCUMENTS**

- Certified True Copies of the Official Receipt issued by the post-production company along with a fully-executed deal memorandum and invoice

## **6. Accommodations**

These include but are not limited to the following:

### **ELIGIBLE COSTS**

- Accommodation in hotels, bed and breakfast, guest houses, cottages, apartments, lodges including room for safe storage for production equipment, etc.

### **SUPPORTING DOCUMENTS**

- Room/house/ billing statement
- In case of house or personal property rental: Proof of payment, Memorandum of Agreement, justification
- Certified True Copies of the Official Receipts/ proofs of payments (online receipt may be accepted provided that the accommodation booking service (Airbnb) does not provide hard copy

## 7. Meals

<b>ELIGIBLE COSTS</b>	<b>INELIGIBLE COSTS/ROLES</b>	<b>SUPPORTING DOCUMENTS</b>
<ul style="list-style-type: none"> <li>• Catering costs</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase of delivery of food and beverages including the supply of utensils</li> </ul>	<ul style="list-style-type: none"> <li>• Certified True Copy of the Official Receipt</li> <li>• Catering contract</li> </ul>

## 8. Transportation and Travel Expenses

These include but are not limited to the following:

<b>ELIGIBLE COSTS</b>	<b>INELIGIBLE COSTS/ROLES</b>	<b>SUPPORTING DOCUMENTS</b>
<ul style="list-style-type: none"> <li>• Reasonable transportation fares (air, land, sea) or gas costs</li> <li>• Vehicle rental</li> </ul>	<ul style="list-style-type: none"> <li>• Reimbursement for fare acquired with personal reward points</li> </ul>	<ul style="list-style-type: none"> <li>• Certified True Copies of the Official Receipt (<i>for land transport: online receipt may be accepted provided that transport service does not provide hard copy receipts e.g. Grab, Angkas, etc. but for this particular expense only. Online receipts e.g Grab must be issued to the applicant producer's company name</i>)</li> <li>• Official Receipts issued in foreign currency for the project must be submitted with justification and conversion rate on the date of payment</li> <li>• Boarding pass</li> <li>• For vehicle rentals: Invoice and justification</li> <li>• For booking of airfares: must be paid to a Filipino travel agency</li> </ul>
<ul style="list-style-type: none"> <li>• Travel health insurance</li> <li>• Safety related expenses during production shoots, such as protective gear, testing, etc.</li> </ul>		<ul style="list-style-type: none"> <li>• Certified True Copies of the Official Receipt</li> <li>• For travel insurance: submit insurance policy</li> </ul>

- SARS-COV-2 Antigen/RT-PCR testing as requirement to enter LGUs or provinces for production crew only

- Certified True Copies of the invoice and receipts

## **9. Promotion Expenditures in the Philippines**

Publicity and promotion material incurred by the applicant producer before completing the production. This must be accompanied by an Official Receipt with billing statement.

## **10. Legal Costs**

This includes lawyer's representation, legal advice on drafting of agreements and other legal services. This must be accompanied by either an Official Receipt for engaged legal firms or a fully executed contract for individuals.

## **11. Creative Producer's Fee**

This refers to the fee of the producer of the project hired by the applicant or foreign production company. This must be accompanied by a fully executed contract with the production company, Official Receipt issued to the name of the applicant or foreign production company, valid government ID of the producer, and Certificate of Service Rendered signed by the owner of the applicant production company or foreign production company.