

Determination 25/03: Determination of amount of a particular payment (being per diem allowances paid in the screen production industry) that shall be regarded as expenditure incurred relating to those payments

Issued | Tukuna: 11 June 2025

DET 25/03

The Screen Production Industry pays per diem allowances to resident and non-resident contractors and resident and non-resident entertainers (contractor/entertainer) working on screen productions in New Zealand. These allowances are to cover the additional costs of food as well as other minor incidental expenses incurred in New Zealand by the contractor/entertainer while they are working away from their town of normal residence.

This determination applies to per diem payments. It sets out the amount regarded as expenditure incurred in the production of particular schedular payments when those payments are per diem allowances paid to contractors/entertainers working in the Screen Production Industry in New Zealand.

Sections RA 5 & RD 10(1) of the Income Tax Act 2007 require anyone who makes a PAYE income payment to deduct tax when making it.

Under section RD 3(1-4) of the Income Tax Act 2007 a schedular payment is included in the definition of "PAYE income payments". Consequently, any person who makes a schedular payment must deduct tax from it at the time it is made, unless an exemption applies.

As per diems paid to resident and non-resident contractors and entertainers come within the definition of PAYE income payments, tax must be deducted from such payments.

Section RD 8(3) allows the Commissioner to determine an amount or proportion of any PAYE income payment that is considered expenditure incurred in the production of that payment.

If the Commissioner has made such a determination, the amount determined is not subject to income tax and the person paying the particular schedular payment or class of schedular payments is only required to deduct tax from the amount of the PAYE income payment that exceeds this threshold (section RD 11(4) of the Income Tax Act 2007).

All references to legislation are to the Income Tax Act 2007.

Application | Whakapānga

Scope of Determination

1. Where any resident or contractor/entertainer receives a per diem allowance in relation to services provided to a screen production and that allowance is a schedular payment. The sum of \$100 per day shall be regarded as expenditure incurred in the production of the payment. If the total amount of the payment is less than \$100 per day, the total amount of the payment shall be regarded as expenditure incurred in the production of the payment.
2. However, where the contractor/entertainer is also provided with some or all of the goods and services for which the allowance is paid, either by the payer or another party acting on the payer's behalf, then no amount will be exempted by operation of this Determination from the application of the Income Tax Act 2007.
3. Under section RD 3(1), a schedular payment is included in the definition of "PAYE income payment". Consequently, any person who makes a schedular payment must deduct tax from it at the time it is made, unless an exemption applies.
4. Sections RA (5) & RD 10(1) of the Income Tax Act 2007 require anyone who makes a PAYE income payment to deduct tax when making it
5. The Screen Production Industry pays per diem allowances to contractors/entertainers. These allowances are intended to cover the costs of food as well as other incidental expenses likely to be incurred while to contractor/entertainer is working in New Zealand on screen productions and is away from their town normal residence.
6. The per diems paid to contractors/entertainers come within the definition of PAYE income payments and so tax must be deducted from such payments
7. Section RD 8(3) allows the Commissioner to determine an amount or proportion of any schedular payment that is not subject to income tax as it is considered to be

expenditure incurred in deriving that income. Consequently, the person making the schedular payment is only required to deduct tax from the amount that exceeds the determined expenditure amount.

8. This determination will apply to payments made on or after 1 July 2025.

Determination | Marohitanga

9. Where any resident or non-resident contractor, or resident or non-resident entertainer receives a per diem allowance in relation to services provided to a screen production while working away from their town of normal residence and that allowance is a schedular payment, the sum of \$100 per day shall be regarded as expenditure incurred in the production of the payment. If the total amount of the payment is less than \$100 per day, the total amount of the payment shall be regarded as expenditure incurred in the production of the payment
10. However, where the contractor/entertainer is also provided with the goods and services for which the allowance is paid, either by the payer or another party acting on the payer's behalf, then no amount will be exempted by operation of this Determination from the application of the Income Tax Act 2007.

This Determination is signed on the 11th day of June 2025

Rob Falk

Technical Specialist

Legal Services | Kaihautū Hangarau, Ratonga Ture

Inland Revenue | Te Tare Taake

Examples

These examples apply to per diems which come within the definition of "schedular payment" in the Income Tax Act 2007.

Example 1

A contractor/entertainer working away from their home receives a per diem allowance of \$100. The allowance is to reimburse the contractor/entertainer for the additional costs they have incurred for goods and services they have received which are not also provided by the payer or another entity acting on the payer's behalf. The payer does not have to deduct tax because the total payment does not exceed \$100 per day. The contractor/entertainer does not have to keep receipts.

Example 2

A contractor/entertainer working away from their home receives a per diem allowance of \$100. The contractor/entertainer is also provided with all meals while working, either on the set, or at some other location. The payer has to deduct tax from the per diem allowance of \$100 as one of the matters for which the allowance is being paid is actually provided by the payer. The contractor/entertainer should keep receipts to show the incidental expenditure incurred and claim a deduction for those expenses when they file their tax return.

Example 3

A contractor/entertainer working away from their home receives a per diem allowance of \$100. The contractor/entertainer is also able to obtain food from a particular café adjacent to the set. The café is directly reimbursed by the production company. In this situation, the cost of the food is met by the payer of the per diem and it is being physically provided on its behalf. The payer has to deduct tax from the per diem allowance of \$100 as one of the matters for which the allowance is being paid is being provided by the payer. The contractor/entertainer should keep receipts to show the incidental expenditure incurred and claim a deduction for those expenses when they file their tax return.

Example 4

Contractor/entertainer receives a per diem allowance of \$120. This is more than the threshold provided in the determination. Therefore, the payer should deduct tax from \$20 of each daily payment.