

# PETERKA PARTNERS

THE CEE LAW FIRM

## OVERVIEW OF CEE FILM PRODUCTION INCENTIVES FOR 2019

PETERKA & PARTNERS provides complex legal services in the area of film production in the CEE region.

Our legal services encompass, among others, namely the following areas:

- Advising international film producers on the entire application procedure for film production incentives
- Drafting and negotiating contracts for all stages of film production (agreements with crew, cast, agreements with respect to filming locations, productions services agreements, etc.)
- Advice on IP rights and licensing matters
- Litigation.

Please find below a brief overview of the local legal regulations related to film production incentives in selected CEE countries.

For more details, please contact Mr. Zdeněk Beránek, Leader of the Sport, Media and Gaming Practice in PETERKA & PARTNERS, on [beranek@peterkapartners.cz](mailto:beranek@peterkapartners.cz)

Country	Type of Incentive	Type of Film	Qualification Requirements	Examples of Films benefiting from incentives
<b>Czech Republic</b>	<p>Cash rebates on qualifying Czech and international spend.</p> <p>20% rebate on qualifying Czech costs (Czech goods and services provided by and paid to companies or individuals registered to pay income tax in the Czech Republic).</p> <p>66% rebate on withholding tax paid in the Czech Republic (International costs paid to foreign above-the-line cast and</p>	<p>Feature, animated and documentary films (runtime of at least 70 minutes).</p> <p>Fictional TV content – films (runtime of at least 70 minutes) and TV series (runtime of at least 30 minutes per episode).</p> <p>Animated series (runtime of at least 5 minutes per episode).</p>	<p>Must pass the test for European cultural and production criteria.</p> <p>Minimum spend in the Czech Republic: CZK 15m for a feature, animated or TV film CZK 2m for a documentary film CZK 8m for a TV episode CZK 1m for an episode of an animated series.</p> <p>The applicant is a tax resident in the Czech Republic with a place</p>	<p><i>The Aftermath</i> <i>The Catcher Was a Spy</i> <i>Anthropoid</i> <i>Personal Shopper</i> <i>Underworld: Blood Wars</i> <i>The Zookeeper's Wife</i> <i>Child 44</i> <i>Snowpiercer</i> <i>Last Knights,</i> <i>A Royal Affair</i> <i>Mission: Impossible – Ghost Protocol.</i></p> <p>TV series (selected seasons):</p>

# PETERKA PARTNERS

THE CEE LAW FIRM

	<p>crew who pay withholding tax in the Czech Republic).</p> <p>No cap on per-project grant.</p>		<p>of business or permanent establishment in the Czech Republic.</p>	<p><i>Britannia Knightfall,</i> <i>The Musketeers</i> <i>Crossing Lines</i> <i>Borgia.</i></p>
<b>Slovakia</b>	<p>20% rebate on qualifying Slovak costs, i.e., (i) goods or services provided by and paid to the suppliers with their seat in Slovakia, which are registered for income tax in Slovakia, or (ii) remuneration of individuals, if such remuneration is taxed in Slovakia.</p> <p>No cap on per-project grant.</p>	<p>An audio-visual project consisting of one, two or three films with a runtime of at least 70 minutes each.</p> <p>A TV series up to 13 episodes and a runtime of at least 40 minutes per episode.</p> <p>A documentary or animated series up to 13 episodes and with a runtime of at least 5 minutes per episode.</p>	<p>The project must pass a cultural test or be acknowledged as an official co-production by the relevant authority.</p> <p>Minimum spend in Slovakia is € 150,000 (€ 300,000 for a project consisting of two or three films or a TV series). May not exceed 50% of the overall budget for the production of the project.</p>	<p><i>Maria Theresia</i> (TV film, co-production).</p> <p>TV series, such as <i>Marco Polo</i>, <i>Inspector Max</i>, etc.</p>
<b>Poland</b>	<p>Financial aid along with other forms of state aid cannot exceed 50% of the total film productions costs, with exceptions allowing financial aid along with other forms of state aid up to 60% (international co-production where one of the producers is from Poland) and 70% (a financially demanding and complex production that is directed at a younger audience and promotes Polish historical or cultural heritage).</p>	<p>Feature film (runtime not shorter than 70 mins), documentary (runtime not shorter than 40 mins), animated film (runtime not shorter than 60 mins), feature TV show (runtime not shorter than 40 mins per episode), documentary TV show (runtime not shorter than 150 minutes per season), animated TV series (runtime not shorter than 50 mins per episode with at least 10 episodes)</p>	<p>Assessment of impact on Polish and European cultural heritage, location of action in Poland, production in Poland, participation of polish specialists in the field of audio-visuals, presence of polish film infrastructure</p> <p>The applicant's registered office is in Poland or the applicant has a branch whose registered office is in Poland and which produces the audio-visual work; foreign entities may also apply</p>	<p><i>1920 Battle of Warsaw</i> <i>Warsaw '44</i> <i>Katyń</i> <i>Essential Killing</i> <i>Imagine</i> <i>Ida</i></p>

# PETERKA PARTNERS

THE CEE LAW FIRM

	<p>The joint total financial aid is equal to 30% of the qualifying costs (goods and services provided by and paid to companies or individuals registered to pay income tax in Poland), whereas the qualifying costs in Poland cannot exceed 80% of the total film production costs.</p> <p>Financial aid given to one audio-visual work cannot exceed PLN 15 million and the joint financial aid to one entrepreneur in a given calendar year cannot exceed PLN 20 million.</p>		<p>for funding; no restrictions based on tax residence are in place but some material restrictions apply</p>	
<p><b>Hungary</b></p>	<p>30% rebate on qualifying Hungarian costs.</p> <p>The Motion Picture Act and Corporate Tax Act offer two methods for a film's financial support: direct state support, and indirect state support, which is a tax rebate for films and related projects.</p> <p>Expenses occurring abroad can qualify for the 25 percent tax incentive, if up to a quarter of the total expenses are paid to service providers in Hungary.</p>	<p>A direct tax rebate can be received by films, short films, documentaries, animated films and TV productions.</p>	<p>The script has to pass a cultural test.</p> <p>The National Media and Info-communications Authority's administration and accounting regulations have to be respected.</p> <p>After submitting bills, the direct tax rebate has to be requested, which will be subtracted from the tax of profitable companies registered in Hungary.</p>	<p><i>A Good Day to Die Hard</i>  <i>World War Z</i>  <i>Robin Hood</i>  <i>Red Sparrow</i>  <i>Spy</i>  <i>Atomic Blonde</i>  <i>Colette</i>  <i>Hercules</i>  <i>The Spy Who Dumped Me</i>  <i>Blade Runner 2049</i>  <i>The Man with the Iron Heart</i>  <i>The Martian.</i></p> <p>TV series which have been shot in Hungary include: <i>Nat Geo's Genius: Picasso</i>, <i>TNT's</i></p>

# PETERKA PARTNERS

THE CEE LAW FIRM

	<p>There's no upper limit to the total expenses.</p>			<p><i>The Alienist, Homeland.</i></p> <p>Hungary currently ranks as Europe's second most popular filming destination after Britain.</p>
<p><b>Romania</b></p>	<p>A maximum of 45% of eligible costs – 35% base aid; 10% in addition to the 35% if a geographical area/a town/the country is promoted in the film.</p> <p>Eligible costs are:</p> <ul style="list-style-type: none"> <li>• fees/salaries/other payments to natural persons involved in the production of the film, provided that these are taxable in Romania.</li> <li>• Any other payments for goods or services rendered by companies, provided that these companies are registered in Romania, are tax residents in Romania, and the goods and services are rendered in Romania.</li> </ul> <p>The costs are reimbursed after the project is completed, not later than 2 years after, on the basis of a payment request submitted by the beneficiary together with an audit report</p>	<p>Feature, medium or short length films, animation, documentaries, TV films or TV series, straight-to-DVD or internet films shot partially or entirely in Romania.</p>	<p>A minimum of 20% of the total budget of the production must be allocated for production in Romania.</p> <p>The production companies may be Romanian or foreign but must fulfil several criteria, namely:</p> <ul style="list-style-type: none"> <li>• must have the IP rights over the final production;</li> <li>• if the production company is foreign, it must have a Romanian co-producer or at least a services agreement concluded with a Romanian producer;</li> <li>• must file information regarding the total budget and the part of the budget allocated for the Romanian part of the production;</li> <li>• must provide proof that they do not have any outstanding debts to the Romanian budget;</li> <li>• must have at least € 100,000 as eligible expenses.</li> </ul>	

# PETERKA PARTNERS

THE CEE LAW FIRM

	certifying the eligible costs.		<ul style="list-style-type: none"> <li>the final product must be a “cultural product” as defined by law.</li> </ul>	
<b>Bulgaria</b>	<p>State aid is available for the production and co-production of films, distribution of films, festivals and script writing:</p> <ul style="list-style-type: none"> <li>a maximum of 70% of the average budget for the same film category for the previous year for the production of a film;</li> <li>a maximum of 5% of the average budget for the same film category for the previous year for script writing;</li> <li>a maximum of 50% of the eligible costs for the distribution of Bulgarian films and co-productions and a maximum of 25% of allowed expenses for the distribution of European films.</li> </ul>	<p>Feature films, animated films and documentaries – production, co-production with third countries and co-production with Bulgarian National Television (or another national TV operator).</p> <p>Distribution of Bulgarian and European films and distribution of co-productions with third countries.</p>	<p>Assessment is based on the commercial, economic and artistic potential of the film, the strategy plan provided, the professional experience of the producer and director (including awards granted for their previous productions), etc.</p> <p>Film projects are allocated by the Bulgarian National Film Centre on a competitive basis; several sessions are held per year.</p>	<p>1979 <i>Triumph</i> <i>Africa</i></p>

# PETERKA PARTNERS

THE CEE LAW FIRM

<p><b>Ukraine</b></p>	<p>Foreign nationals-producers may apply for the return of a part of the qualifying expenses (taxed in the territory of Ukraine) incurred during the production of a film (up to 16%) and qualifying expenses for an actor's remuneration (10% if personal income tax is paid in the territory of Kyiv or Sevastopol; 4.5% if personal income tax is paid in the territory of Ukraine (apart from Kyiv and Sevastopol)).</p> <p>In addition, there is a VAT payment exemption for the supply of works and services for the production of national films, as well as voice acting of foreign films. The import of the equipment necessary for film production is exempt from import duties.</p> <p>These exemptions will be in effect until 1 January 2023.</p>	<p>An entertainment film or animated film (with a runtime of at least 74 minutes).</p> <p>TV or animated films consisting of 1 or more series: (runtime of at least 74 minutes).</p> <p>Documentaries (runtime of at least 52 minutes);</p> <p>TV series or animated TV series or separate episodes: (runtime of at least 40 minutes).</p> <p>Advertisements, music videos (runtime of at least 20 seconds).</p>	<p>The expenses have to be incurred in favour of a Ukrainian resident for the production of a film (or its part) in the territory of Ukraine;</p> <p>Minimum qualifying cost (approximate sums):</p> <ul style="list-style-type: none"> <li>• an entertainment film or animated film: € 927,604;</li> <li>• entertainment film: € 231,901;</li> <li>• documentary: € 145,766;</li> <li>• TV series or animated TV series or separate episode: € 695,703;</li> <li>• advertisement, music video: € 397,545;</li> </ul> <p>The film has to pass a cultural test.</p> <p>Foreign producers have to conclude an agreement on the production of the film (or its part) with a Ukrainian entity.</p>	<p><i>The Stronghold</i>  <i>Falling, Easy</i>  <i>The Line, Woman at War</i>  <i>Malevich</i>  <i>The Secret Diary of Symon Petliura</i>  <i>Volcano</i>  <i>When the Trees Fall</i>  <i>Crazy Wedding</i>  <i>The Wild Fields</i>  <i>December Tale</i>  <i>S. Mykolay's Adventures.</i></p>
<p><b>Russia</b></p>	<p>Russian legislation does not provide incentives similar to those commonly used in other countries. On the other hand, there is governmental support for Russian national films and certain local incentive programmes focused on Russian national films. The issue for foreign film companies is the strict qualification requirements set for a Russian national film, e.g., the film has to be generally shot in the Russian language, not more than 30 per cent of those involved in the production of the film can be foreign nationals, etc.</p>			
<p><b>Belarus</b></p>	<p>There is no incentive scheme in the Republic of Belarus.</p>			

*This general overview is for information purposes only and you should not rely on its content as a source of legal advice. We would be happy to provide tailor-made legal advice addressing any unique facts or circumstances you might need considered.*