

Incentive Guide:

Indian film productions abroad

Edition 1



EY

Building a better
working world



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Foreword

Currently, the location for film or television production is chosen based on several factors, one such factor being, lucrative film production incentives offered by a particular location.

Globally, film production incentive schemes are perceived to bring economic and social benefits firstly to film producers and ultimately to the respective countries. It has been established by various economies that increased film production accelerates job creation, infrastructure development, increased tax collection and more importantly, increased tourism as a by-product.

“Film production incentives” is an umbrella term referring to both monetary as well as non-monetary incentives. These incentives generally range from tax credits, cash rebates and refunds to fee-free location scouting and other assistance. The enclosed guide encompasses the monetary film production incentives offered in select countries. The guide additionally provides insights on the ultimate economic benefit that would accrue on a film-makers spending outside India (upon fulfillment of specified conditions).

The guide has been amassed pursuant to interactions with various stakeholders from the Indian film industry, film commissions and consulate office of various countries and primary research on publicly available information. Consequently, insights into key aspects of film production incentives offered in select countries such as eligibility criterion, minimum spend requirements, application requirement, general timelines and useful contacts have been provided in the guide. The guide also highlights some other related information such as visa requirements and studios available.

We hope that the current guide assists Indian film-makers in exploring film shooting opportunities outside India.



Mukesh Bhatt
President,
The Film & Television
Producers Guild of India Ltd



Farokh T. Balsara
Partner & Markets Leader - India
Media & Entertainment Sector Leader
Ernst & Young LLP

About the incentive guide

Many countries compete with each other to attract film productions as they recognize the direct and indirect benefits associated with it. Countries devise various monetary or non-monetary incentive programs that not only helps producers but also benefits the economy at large.

The script and story are considered to be most important factors for selecting locations. Once the nature of set up for the film shooting is identified based on its terrain, indoor or outdoor, architecture, weather etc., a list of locations is drawn up. These locations could be in different provinces in a country or could be in different countries. Before concluding on a location, various factors such as availability of infrastructure, travel, local laws, distinctiveness, lodging and boarding, visa requirements etc., are compared. One of such factors is film production incentives offered by such location.

Recently, film production incentives have become a more popular factor. Many countries offer different types of incentives, which could be monetary or non-monetary in nature. Film production benefits are generally devised to incentivize productions not only from developed countries (with strong currency factor) but also from less developed countries.

It has been established that by investing in such film production incentive programs, the countries receive many direct and indirect economic benefits. Generally, these incentive programs provide the much needed stimulus to the economy through increased employment opportunities, growth in direct and indirect taxes, increased tourism and development of film industry infrastructure etc.

Interestingly, in order to increase film production, countries often negotiate and provide tailor-made incentives, facilitate visa procedures, facilitate grant of film shooting permits, etc., as a complete package for a film-maker. While there is a possibility that a film-maker may negotiate incentives with a host country individually, the current guide provides information on incentives generally offered to all film-makers in general.

Based on a study of film incentive programs in place internationally, following are generally the types of film production incentives offered:

Cash grants: Cash grants are non-repayable funds disbursed to production companies, which help them to reduce their cost of production. Cash grants can be paid upfront or on completion of a particular project. Furthermore, generally, cash grants are subject to some level of compliance; however, grants are also provided without any conditions.

Cash rebates: Cash rebates are refund of actual expenditure incurred. Typically, cash rebates are provided at a specified percentage of the qualifying expenditure. Qualifying expenditure includes costs incurred in the host country during the shoot on the cast and crew, goods and services purchased or at a specified percentage of overall production budgets. Interestingly, rebates can be offered as grants; however, not all grants are rebates.

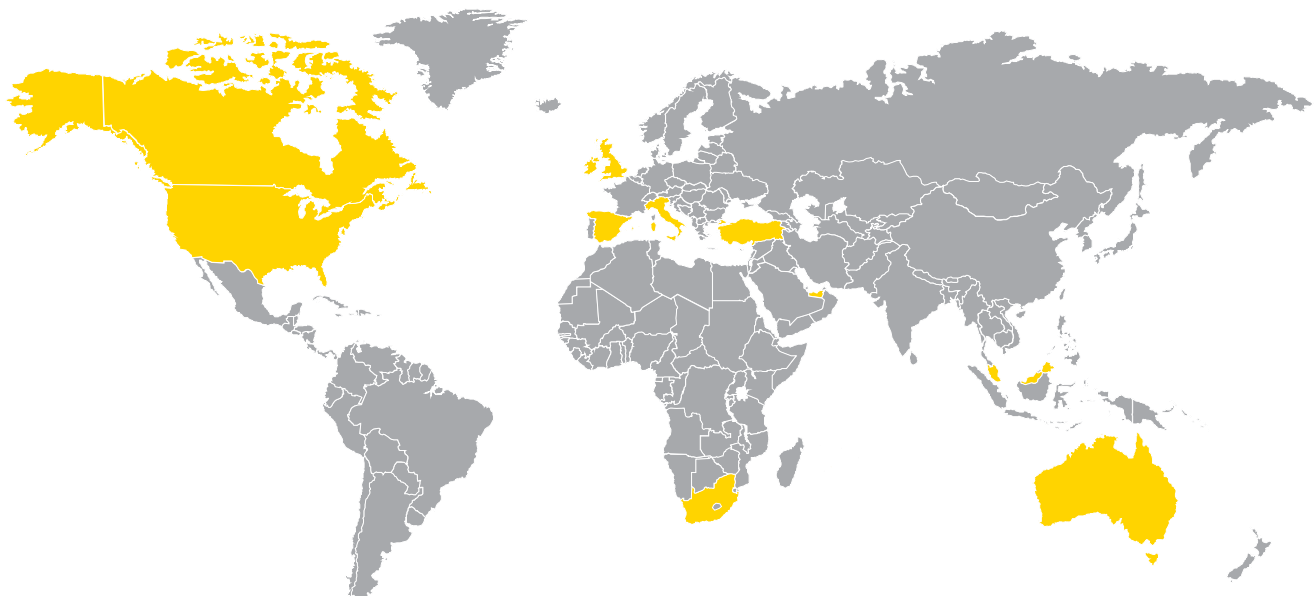
Tax credits: Tax credit is a sum deducted from the total amount a taxpayer owes to the treasury. A tax credit can be granted for various types of taxes such as income tax, value added tax, etc. Furthermore, another form of tax credit is by way of a refund of taxes paid while filming in a location. Tax credits can either be refundable or non-refundable and further, transferable and non-transferable.

Currently, films are modern tools for showcasing a country as an ideal holiday destination. Hence, it would be relevant to note that the underlying intention of the host country when offering film production incentives is increasing tourism induced through films. Consequently, film production incentives offered are generally subject to fulfilment of cultural tests. Cultural test requirement assesses a film on certain cultural parameters. Furthermore, in a few countries, there exists a point rating system for attaining minimum points, subject to which specific incentives will be granted under the host country regulations. Typically, the requirements are minimum number of days of shooting in the host country, specified percentage of production activities to be carried on in the host country (i.e., photography, visual/special effects, performing and recording music score, etc.), employment of local manpower, dubbing of film in the local language of the host country. Certain countries may also require specific on-screen credits.

Interactions with stakeholders from the Indian film industry, film commissions of various countries and analysis of publicly available information was undertaken to understand film production incentive programs and attached conditions. Accordingly, the guide provides an indication of cost-benefit analysis, which will assist a film-maker in comparing countries for selection of a destination for film shooting based on film production incentive offered. In other words, the guide is not intended to be a decision maker, however, it provides means to assist a film-maker in the decision making process.

Methodology

In this guide, we have analyzed film production incentive programs in 12 select countries across regions including countries from Asia Pacific, Oceania, Europe, Africa, North America and the Middle-East.



Out of 178 Indian films shot outside India in 2012–13, approximately 45%¹ of the films have been shot in the 12 countries, which include Australia, Malaysia, Italy, Spain, Ireland, Turkey, United Kingdom, South Africa, Mauritius, Abu Dhabi, Canada and the US.

A standard questionnaire was circulated among the film commission/film office of the above countries to obtain information and understand the film production incentive scheme in place. Pursuant to receipt of information from such film commissions/film offices and our independent research, a detailed summary of the scheme and estimate of economic benefit was sent to such film commissions/film offices for feedback. This summary was independently reviewed by the respective film commission/film office.

It should be noted that the incentive schemes covered in this guide do not include Value Added Tax (VAT) refund on expenditures, which is offered generally in the most of the European Union countries. However, since Turkey only provides refund of VAT, we have captured it in this guide.

Furthermore, for the purpose of comparing the film production incentive program of various countries, a sample production budget was prepared. Based on our understanding of film incentive program, a computation of incentive on qualifying expenditure was made. This computation was then shared with respective film commissions/ film offices for confirmation. Most of the countries have replied with their changes and confirmation.

1 Cineport April 2014 issue

The sample assumed production budget is as follows:

Expenditure	Estimated cost to be incurred in India (INR in million)	Estimated cost incurred in a foreign country (INR in million)	Estimated total cost
Above the line			
Cast (main leads & supporting)	36.0	54.0	90.0
Director's fee	4.0	6.0	10.0
Story (development and acquisition)	3.5	-	3.5
Main technician fee	3.0	4.5	7.5
Songs and background music	9.0	-	9.0
Total above the line	55.5	64.5	120.0
Below the line			
Production			
Production and direction team	3.2	4.8	8.0
Setting and dressing - Art	9.2	13.8	23.0
Costumes and styling	2.4	3.6	6.0
Make up and hair styling	1.6	2.4	4.0
Locations/studios and permission	8.6	12.9	21.5
Equipment/supplies	10.0	15.0	25.0
Transportation	1.7	2.5	4.2
Wages	2.3	3.5	5.8
Food and beverage	3.4	5.1	8.5
Junior artists /models/ dancers	2.0	3.0	5.0
Choreography	3.0	4.5	7.5
Stunt	1.6	2.4	4.0
Accommodation	2.0	3.0	5.0
International travel	2.4	3.6	6.0
Raw stock (Film Reel)	0.9	1.3	2.2
Post production			
Lab and processing, visual and digital effects	35.0	-	35.0
Sound effect	7.0	-	7.0
Editing	2.3	-	2.3
Total below the line	98.6	81.4	180.0
Total budget	154.1	145.9	300.0

In this guide, for every country we have given a percentage of incentive as compared to the proportionate budget of the film to be spent abroad. Therefore, if total benefit computed for Australia is INR53.1 million, it has been mentioned that the computed benefit works out to be 36.4% of the budget of the film to be spent abroad (ie INR145.9 million).

Assumptions

For the purpose of computing the fiscal benefits, which would accrue to the Indian filmmaker, it is assumed that out of the overall production budget (i.e., INR300 million), a portion of the film will be shot in a particular country outside India. Consequently, a portion of the overall production budget will be incurred outside India (i.e., approximately INR146 million). Furthermore, it is assumed that some expenditure will specifically be incurred in India.

Above the line

Generally, in case of few countries, film production incentives can only be granted to resident entities in the respective country. Accordingly, in case of countries where such conditions exist, it is assumed that for the purpose of qualifying for the film production incentive scheme of the respective country, Foreign Applicant Entity (FAE) will engage and enter into agreement with Indian cast, director and main technicians for provision of services.

Cost of development or acquisition of script and music is assumed to be incurred in India.

Below the line

Generally, in case of few countries, film production incentives can only be granted to resident entities in the respective country. Accordingly, in case of countries where such conditions exist, it is assumed that for the purpose of qualifying for the film production incentive scheme of the respective country, local expenses will be incurred by FAE. Accordingly, it is assumed that below the line expenses should be directly incurred by FAE to the extent of production budget to be incurred outside India.

Furthermore, few countries require goods and services to be procured from tax residents of such country. Accordingly, for the purpose of computing economic benefits we have assumed that the said condition will be satisfied.

In case of international travel of cast and crew, few countries have conditions that require the use of domestic carrier of the respective country and/or airline booking should be through domestic travel agent of the said country. Accordingly, we have assumed that such conditions will be satisfied.

Furthermore, generally, only incoming travel to the respective country is eligible for film production incentive. Accordingly, we have considered only 50% of the total cost of international travel for the purpose of computing international travel.

It is assumed that post-production activities are undertaken in India and hence, the cost for the same is incurred in India.

It should be noted that the assumptions and economic calculations have been reviewed by the Film Office/Commission of the respective country.

Disclaimer

Information contained in this guide is based on our understanding of the incentive program in the respective country and should not be deemed as an exercise of professional judgment.

The interpretations set forth in the guide are based on the existing statutory laws and regulations prevailing in the respective country and the documents made available till April 2015. If there is a change, including a change having a retrospective effect, in the statutory laws and regulations, the interpretation would necessarily have to be re-evaluated in light of the changes.

The information in relation to economic benefit of film production incentive programs set forth in the publication is based on our interpretation of the same and hence is subjective. In case of any clarifications and comments, please feel free to contact us.

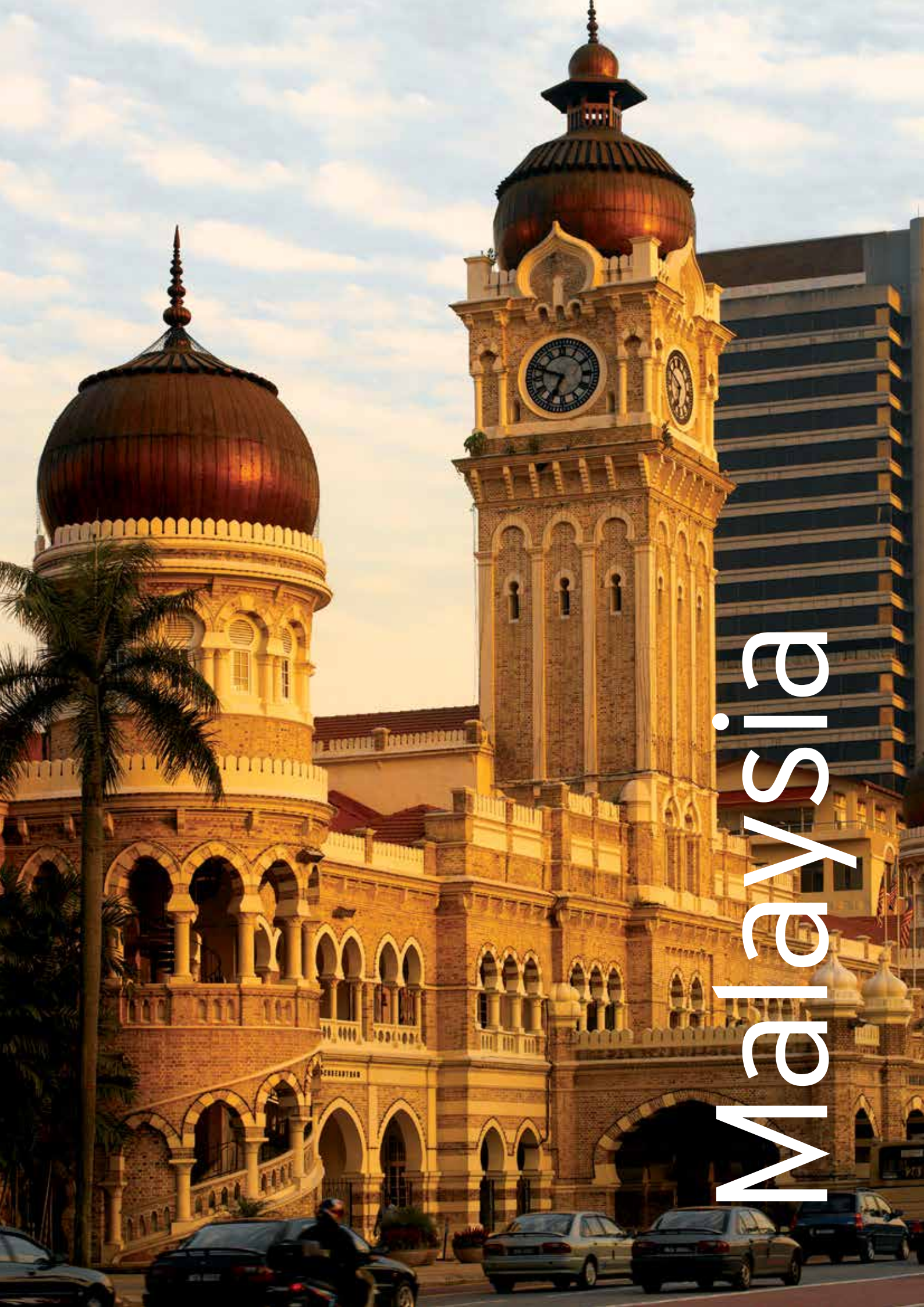
Furthermore, information in relation to visa has been obtained from website of film commissions where available and further, where not available, the respective consulate office has provided the same.

In case information contained in this guide is to be relied upon by any individual, a detailed study of the film production incentive scheme and other facts, background, laws, regulations, etc., in a particular country would have to be undertaken independently.

Exchange rate considered for the purpose of calculations is prevailing exchange rate as on 31 March 2015.

Asia Pacific





Malaysia

Computed economic benefit:

A net savings of **29.6%** on estimated film production budget to be spent abroad

Malaysia

Malaysia fact file

Seasons:

Monsoon:

May to September
and

November to March

Past Bollywood films shot:

Don, Don 2, Fanaa, Madras
Cafe

Multiculturalism has made Malaysia home to hundreds of colorful festivals. One of Malaysia's key attractions is its extreme contrasts, which further add to this theme of "diversity". Rugged mountains reach dramatically for the sky while their rainforest-clad slopes sweep down to floodplains teeming with forest life. Cool highland hideaways roll down to warm, sandy beaches and rich, humid mangroves²

Things to know

- ▶ People usually speak good English
- ▶ Many Malaysians have Chinese or Indian background
- ▶ Weather can be different from one area to another
- ▶ The Malaysian Employment Act defines the work weeks as 48 hours, with a maximum of 8 working hours per day and 6 working days per week

Infrastructure

Malaysia offers the latest production equipment, state-of-the-art studios, green screen facilities, broadcast studios, VFX and sophisticated digital post production facilities. National Film Development Corporation Malaysia (FINAS) has a comprehensive production set-up with state-of-the-art facilities offered at competitive rates. They include the Studio Digital Mix Stage, FINASPOST, FINAS Sound Stage Studio, Film Equipment rental and training studios.

Malaysia has a database of 650 companies offering services in 36 different categories. This means that filmmakers have access to a comprehensive range of the latest production equipment available including generator sets, lights, cameras, booms, tracks and accessories including post-production facilities. There are 79 companies offering film equipment for rental at competitive rates. There are 42 companies offering studios for rental. Sound stage studios average at around 8,600 sq. ft. and can be used for film recording, television recording, sound dubbing and AFX³

Production incentives

Film in Malaysia Incentive Scheme (FIMI)⁴

What is the scheme	FIMI gives a 30% cash rebate on all Qualifying Malaysian Production Expenditure (QMPE), which meets the criteria.
Who is the administrating authority	National Film Development Corporation Malaysia (FINAS)
What is the type of incentive	Cash Rebate

2 http://imagegallery.tourism.gov.my/fotoweb/Contact_Us.fwx

3 www.filminmalaysia.com

4 Film in Malaysia Incentive Guidelines - Foreign Production released National Film Development Corporation Malaysia



<p>Who is eligible</p>	<ul style="list-style-type: none"> ▶ A foreign production company, who has appointed and commissioned a Malaysian Production services company for filming in Malaysia ▶ A private limited production services company incorporated by a foreign production company under the Malaysian Companies Act
<p>What are the eligible film formats</p>	<ul style="list-style-type: none"> ▶ Feature films, include theatrical documentary features, animated features and IMAX ▶ Single episode program ▶ Single episode documentary ▶ Commercials ▶ Series or season ▶ Short film animation ▶ Game shows and reality shows
<p>What are the conditions in relation to expenditures</p>	<p>FIMI gives a 30% cash rebate on all QMPE</p> <p>QMPE is defined as the company's production expenditure on the project that is incurred for, or is reasonably attributable to</p> <ul style="list-style-type: none"> ▶ Goods and services provided in Malaysia ▶ The use of land located in Malaysia, and/or ▶ The use of goods that are located in Malaysia at the time they are used in the making of the production ▶ Certain specific inclusions and exclusions <p>Threshold limits</p> <p><u>Foreign production</u></p> <p>A minimum QMPE of:</p> <ul style="list-style-type: none"> ▶ MYR5 million for production (inclusive of post production); or ▶ MYR1.5 million for post production activity only ▶ Television series must spend a minimum of MYR385,000 per hour <p>All crew and non-crew members, whether Malaysian or non-Malaysian residents, must remain in Malaysia and work on the film for at least two consecutive calendar weeks (seven cumulative days for documentaries or commercials) for expenditure attributable to them to be QMPE.</p>
<p>Any other conditions</p>	<p><u>Crew and interns</u></p> <ul style="list-style-type: none"> ▶ Crew: At least 30% of the crew must be either Malaysian citizens or persons with permanent Malaysian residency status ▶ Intern: In addition to the requirement above, a minimum number of interns are required based on the production size: <ul style="list-style-type: none"> ▶ US\$5-15 Million – 3 Interns ▶ US\$15-45 Million – 5 Interns ▶ US\$45Million and above – 7 Interns

- What is the procedure to apply for the scheme**
- ▶ To be eligible for FIMI, an applicant producer must first obtain a Provisional Certificate of approval from FINAS by submitting a completed provisional certificate application form. When the project meets requirements of this incentive, a Provisional Certificate will be issued by FINAS, which qualifies the project for 30% cash rebate.
 - ▶ Once the production is complete the applicant producer must then apply for and obtain Final Certificate of approval from FINAS by submitting a completed final certificate application form along with supporting documents and audited receipts to Film in Malaysia Office
 - ▶ The relevant financial and production documentation will be audited by a member of FINAS's financial audit and production audit panel of which costs to undertake such auditing activities will be borne by the applicant producer.

General timelines There is no specific closing date for applications. The process of assessing the provisional application may take up to 6 weeks if all the relevant documents are in order. Moreover, the process of assessing the final application may take up to four months if all the relevant documents are in order.

Useful Contacts

Film In Malaysia Office (FIMO)
National Film Development Corporation Malaysia
Kompleks Studio Merdeka, Jalan Hulu Kelang
68000 Ampang, Selangor, Malaysia
Telephone: +603 4104 1300
Fax: +603 4106 8509
Website: www.filminmalaysia.com
Contact e-mails: fimo@finas.my

Visa requirements

Application for production permit is done through Central Agency for Application for Filming and Performance by Foreign Artistes (PUSPAL)

- ▶ Application must be submitted at least 30 days before the shooting date.
- ▶ Submit PUSPAL form, Immigration form IM.12, Performa Form B (LHDN), Form No.1 Royal Malaysian Custom Depart (if bringing in filming equipment into Malaysia).
- ▶ Application to extend period of filming must be submitted no later than fourteen days before expiry date of fully approved shooting period.
- ▶ Organizer can submit the application to bring in the main artiste first and subsequently submit the application for additional crew.

Application need to go through PUSPAL via the organizer. Minimum time to process is five days.

Temporary working permit should not exceed 91 days. At one time number of artistes involved should not exceed 40 persons. Upon approval from PUSPAL, the applicant can obtain Visa from the Immigration Department.



Australia

Computed economic benefit:

A net savings of **36.4%** on estimated film production budget to be spent abroad

Australia

Australia fact file

Seasons:

Spring:

September - November

Summer:

December - February

Autumn:

March - May

Winter:

June - August

Past Bollywood films shot:

Chak De India!, We Are

Family, Crook, Heyy Baby

Australia's competitive Screen Production Incentives have enabled large budget feature films, TV shows and documentaries access to significant savings as well as Australia's world class production services, crew, talent and versatile locations. The Federal, State and Territory Government each have a screen production agency that provides incentives.

Things to know

- ▶ A flight from East Coast (Brisbane) to the West Coast (Perth) will take you 5.5 hours. It will take you more than 9 hours to drive from Sydney to Melbourne.
- ▶ An average budget per person per days is AU\$100 for accommodation, food and activities.
- ▶ Tipping in Australia is not a common practice.
- ▶ The maximum number of working hours in Australia is 38 hours per week.

Infrastructure

Australia boasts of four major film studio complexes each offering state-of-the-art facilities to meet all your possible feature film and TV production needs.

Fox Studios Australia in Sydney, New South Wales

Docklands Studios in Melbourne, Victoria

Village Roadshow Studios on the Gold Coast, Queensland

Adelaide Studios in Adelaide, South Australia

Production incentives

Producer offset⁵

What is the scheme

The Producer Offset provides a rebate on Qualifying Australian Production Expenditure (QAPE) of:

- ▶ 40% of QAPE for theatrically released feature films, including documentary, animation and IMAX;
- ▶ 20% of QAPE for single episode dramas and documentary (including features released only on DVD or online), television drama or documentary series/ seasons and short form animation.

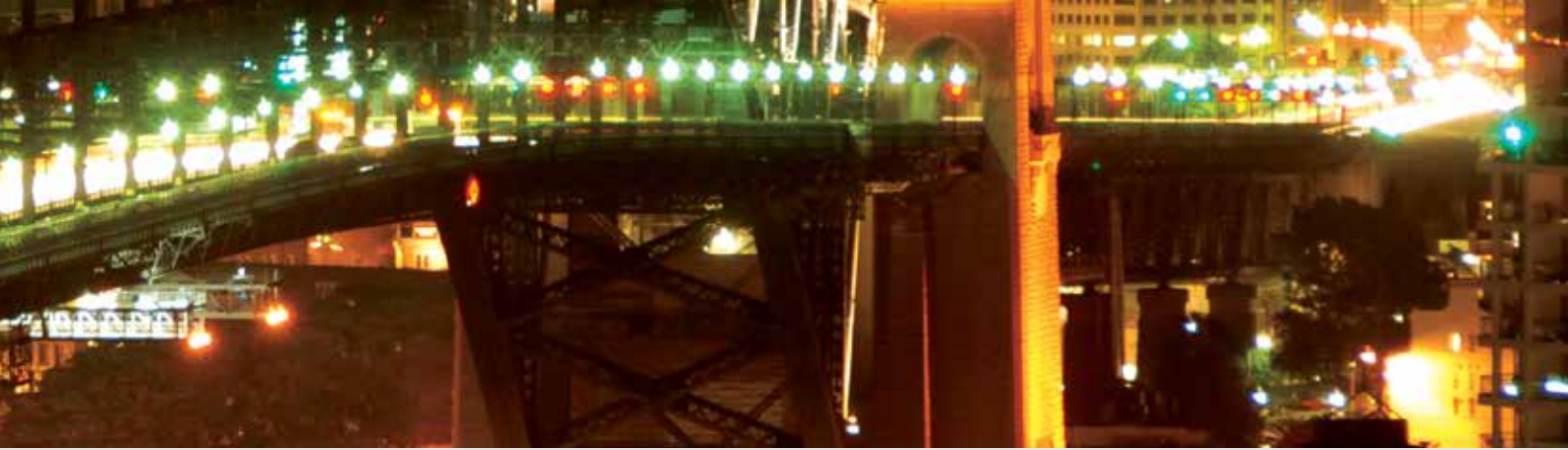
Who is the administrating authority

Screen Australia

What is the type of incentive

Cash Rebate

⁵ Australian Screen Production Incentive - Producer Offset Guidelines released by Screen Australia



Who is eligible

- ▶ Production offset is available only to companies:
 - ▶ Australian resident company
 - ▶ Foreign resident company with an Australian Business Number that is operating through a permanent establishment in Australia - both when it lodges the income tax return and when the offset is due to be credited.
- ▶ Official Treaty Co-productions. Currently, there is no co-production treaty between Australia and India.

What are the eligible film formats

- ▶ Feature films (minimum 60 mins), including theatrical documentary features, animated features and IMAX (minimum 45 mins)
- ▶ Single episode program (at least 60 mins in length)
- ▶ Single episode documentary (at least 30 mins in length)
- ▶ Series or season (min 2 episode of at least 30 min per episode and max 65 commercial hours)
- ▶ Short form animation

The scheme also mentions ineligible formats

What are the conditions in relation to expenditures

- ▶ Minimum Threshold for feature film: QAPE of AU\$500,000 for feature films
- ▶ QAPE, which is the total expenditure for the film to the extent to which it is incurred for, or is reasonably attributable to:
 - ▶ Goods and services that are provided in Australia
 - ▶ Use of land located in Australia
 - ▶ Use of goods that are located in Australia at the time they are used in the making of the film
 - ▶ Other specified expenditure
 - ▶ Specific exclusions have been mentioned.
- ▶ QAPE should be net of GST

All crew members (including producers and executive producers), whether Australian or non-Australian residents, must remain in Australia and work on the film for at least two consecutive calendar weeks (14 consecutive nights) for expenditure attributable to their stay to be QAPE (including salary, fringes, per diems and travel and accommodation).

What are conditions in relation to content/ culture

A film should have Significant Australian Content (SAC) in order to be eligible for the Offset. Following will be relevant:

- ▶ Subject matter of the film
- ▶ Place where the film was made
- ▶ Nationalities and places of residence of the persons who took part in the making of the film
- ▶ Details of production expenditure incurred in respect of the film
- ▶ Any other matter that Screen Australia may consider relevant



Any other conditions	In order to qualify for the Producer Offset, the film must be produced for Australian public release in a commercial cinema (features) or distribution/broadcast (non-features) in some form.
What is the procedure to apply for the scheme	<p>An application for Final Certificate has to be made. The application may be submitted at any time after the film has been completed and after QAPE expenditure has ceased. Thereafter, application will be assessed by Screen Australia. Furthermore, all costs claimed as QAPE must be presented with application along with audited expenditure statement.</p> <p>There exists an option to apply for a Provisional Certificate in circumstances where an applicant has not commenced production, or at any time during production. However, a Provisional Certificate does not provide a guarantee of receiving a Final Certificate. It will provide an indication of eligibility and the extent to which the production qualifies under the SAC test and QAPE thresholds.</p>
General timelines	<p>The process of assessing the application by Screen Australia may take up to twelve weeks, if all relevant documents are in order, after which Screen Australia will consider whether to issue a Certificate</p> <p>Once Certificate is received, it must be provided along with the tax return of the applicant company for the income year in which the film is completed to the Australian Tax Office (ATO). Payment is usually made within 3 weeks from lodging with the ATO.</p>
Useful Contacts	<p>The Screen Australia Producer Offset and Co-production Unit Level 7, 45 Jones Street Ultimo NSW 2007 Australia Email: pocu@screenaustralia.gov.au Phone: +61 2 8113 1042</p>

In addition, Australia offers 30% Post, Digital and Visual Effects (PDV) Offset on qualifying expenditure (subject to minimum qualifying expenditure of AU\$0.5 million) and a 16.5% location offset on qualifying expenditure (subject to minimum qualifying expenditure of AU\$ 15 million). Both the PDV incentive and location offset is administered by Australia's Office for Arts. However, it should be noted that Offset's in place are mutually exclusive. Consequently, in case an applicant company receives a producer offset, it will not be eligible for any other incentive scheme. Screen Australia incentives can be used in conjunction with the state incentives. Information in relation to state incentives would need to be obtained separately

Visa requirements

Visits to Australia for location scouting and preliminary meetings requires only visitor visa. International crew entering Australia for work purposes are covered by Subclass 420 Entertainment Visas. The subclass 420 visa requires you to have an appropriate Australian sponsor to nominate the visitor. For example, an Australian production services company may be able to act as a sponsor. For a Subclass 420 Entertainment Visa application the sponsor also needs to get approval from Media Entertainment Arts Alliance (MEAA). Visa applications may take up to 3 months to process.

Europe





Italy

Computed economic benefit:

A net savings of **13.9%** on estimated film production budget to be spent abroad

Italy

The Italian cinema and audio-visual industry is committed to make Italy the preferred choice of filmmakers around the globe. The Italian Film Commissions bring together agencies that provide free of charge services such as logistic assistance, access to financial resources, the granting of permits, a mapping of qualified manpower and service providers and the search for locations. It aims to create incentives for investments in the cinema and audio-visual sector in individual regions, offering a unified image of the Italian world of cinema narrated in its regional specificities, promoting different territories in terms of their distinctive cultural, artistic, touristic, landscape and industrial features.

Things to know

- ▶ Tipping is not a common practice in Italy
- ▶ Credit cards are not widely accepted
- ▶ Most Italians under the age of 40 speak English
- ▶ Sunday is deemed national holiday for football
- ▶ Average working hours are 8 hours per day

Production incentives

Italian tax credit

Foreign films scheme⁶

What is the scheme	Tax credit up to 25% of the eligible production costs of foreign films made by the Italian Executive Producer Service Company (IPSC), subject to a maximum of €10 million.
Who is the administrating authority	Italian Ministry of Culture
What is the type of incentive	Tax credit, which can be used to offset any tax debt including VAT, corporate and regional income tax, social contribution and tax withheld on labor cost.
Who is eligible	IPSC, which are subject to taxation in Italy and meet certain legal requirements, are entitled to apply. Foreign producers must therefore, hire an IPSC that applies, gets the tax credit for the film and then use the credit to cover certain Italian production costs.
What are the eligible film formats	The eligible film format includes the entire audio-visual production chain, including – along with theatrical movies – products for television and web, whether they be dramas, animations or documentaries.

Italy fact file

Seasons:

Spring:

March - May

Summer:

June - August

Autumn:

September - November

Winter:

December - February

Past Bollywood films shot:

Bachna Ae Haseeno,
Kambakkht Ishq, Rockstar

"During the Bachna Ae Haseeno shoot in Italy we were ably supported by everyone concerned. While during the shooting time of the film there was no major official local incentive being offered in Italy however we did get a grant to offset our costs from the Italian State Tourist Board and trade body in Mumbai. The grant reduced our cost of shooting in Italy by about 40% and impacted the below-the-line budget by approximately 7%. We were very happy to shoot in Italy."

– Aashish Singh
Vice President - Production
Yash Raj Films Pvt Ltd

6 Italian Tax Credit for Foreign Films presentation by Directorate General of Cinema, Italy



What are the conditions in relation to expenditures

The Italian **eligible expenses** must not exceed 60% of the total budget of the film. Within this limit, the IPSC is free to spend up to 30% of the total budget in another EU country.

The **eligible expenses** are as follows:

- ▶ Production costs up to the master copy (excluding any distribution cost)
- ▶ Financial and insurance expenses maximum 7.5% of the Production Cost
- ▶ Production staff costs, net of social security contribution, not higher than 25% of total cost
- ▶ Overhead expenses (staff and location not involved in the production): eligible in the percentage corresponding to the ratio between number of shooting days and annual days and, in any case, up to a maximum amount of 7.5% of the production cost
- ▶ Above-the-line expenses are not included
- ▶ Producer fee is not included

What are conditions in relation to content/culture

All categories of film must pass a “cultural” test:

Cultural Test A – Content (60 points)

Cultural Test B – Creative talents (20 points)

Cultural Test C – Production (20 points)

To pass the cultural test, foreign films must score at least 50 points out of 100 and must fulfill at least two requirements of Cultural Test A.

General timelines

Firstly, a Tax Credit Preliminary Application is to be made by IPSC (counter signed by foreign producer) to the Italian Ministry of Culture (Mibac) for cultural eligibility. Mibac will confirm if the picture is eligible or not by the end of the month following the date of submission of the preliminary application.

Thereafter, a Tax Credit Final Application is to be submitted by IPSC (counter signed by the foreign company) to Mibac with a description of the costs incurred by IPSC and certified by an independent chartered accountant. Mibac will confirm the final amount of the tax credit accrued by the eligible picture within 60 days following the date of submission of the final application.

Useful Contacts

Italian Film Commission

National Coordination of Italian Film Commissions

Head office: Fondazione Sistema Toscana - Toscana Film Commission

Via San Gallo 25 - 50129 Firenze

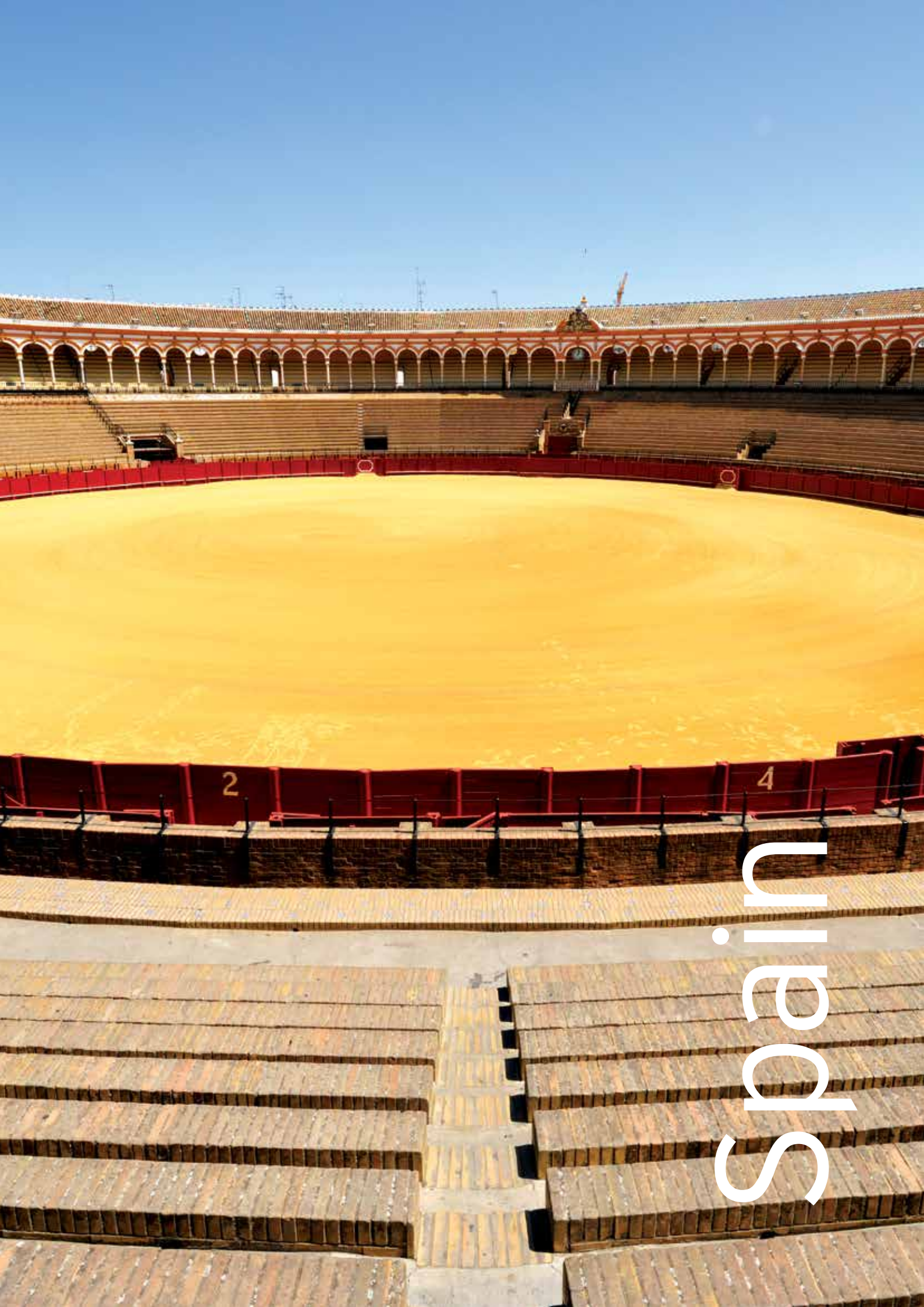
tel. +39 0552719035

Fax. +39 0552719027

Alternatively, any film produced under the co-production treaty between Italy and India will be eligible for a tax credit of 15% only in respect of eligible production expenditure of the Italian co-producer.

Visa requirements

Visit to Italy for location scouting and preliminary meetings require only a Business Visa. Any foreign crew, intending to film in Italy, needs to obtain authorization letter issued by the competent “Comune” (Municipality) for the film shooting, which is a relevant document to obtain visa.



Spain

Computed economic benefit:

A net savings of **18.7%** on estimated film production budget to be spent abroad

Spain

Spain fact file

Seasons:

Spring and Fall:
March - May

Summer:

June - October

Winter:

December - February

Past Bollywood films shot:

Zindagi Na Milegi Dobara

"The locations, availability of local trained crews and technicians made shooting in Spain a wonderful experience. Moreover, the Government bodies were very collaborative and ensured faster approvals, offered discounts on hotel stays and travel. Furthermore, the Government supported the film shooting and offered the film a cash grant since no formal incentive scheme was available when the film was being shot in Spain."

—Vikesh Bhutani
Executive Producer
Excel Entertainment Pvt Ltd

Spain's strengths include the diversity of its locations, the quality of its crews, its climate, its transport links, the studio/equipment infrastructure and the fact that it is safe. As a crossroads of several civilizations, Spain has several historical cities and towns. Thirteen Spanish cities have been declared World Heritage Cities by the UNESCO. As of June 2013, Spain has 44 total sites inscribed on the list. Of these 44 sites, 39 are cultural, 3 are natural, and 2 are mixed (meeting both cultural and natural criteria), as determined by the organization's selection criteria. There are numerous first-class destinations, all of them with historical landmarks and a lively cultural agenda.

Things to know

- ▶ A typical Spanish working day tends to be from around 8.30am or 9am to around 1.30 pm and then from 4.30pm or 5pm to around 8pm.
- ▶ The Spanish have a tradition of long lunch and afternoon breaks.

Infrastructure

Studios in Spain are mainly located in Madrid and Barcelona and in key locations such as the South Coast. Spain is well supplied by medium-sized studios that target TV commercials and music videos. A case in point is Marbella-based Mundo Studios, which has a wide range of stages managed by multilingual staff and supported by a range of facilities. Moreover worth noting is Adisar in Madrid, a 10-studio complex which handles some of Spain's top commercials.

Among Spain's biggest studio groups are Madrid's Media Pro, and Barcelona's Catalonia Audiovisual Park in Terrassa (30km from Barcelona). The Catalonia Park is a 4-studio operation with the infrastructure for TV, commercials and film. It is also home to dozens of companies working in the audio-visual field. As for producers which want to base themselves out on the islands, one option is Cinespot, which has the largest studio complex in Majorca.

Production incentives

Film production incentives in Spain are offered for film shooting in the Spanish Mainland as well as Canary Islands.

Spanish Mainland⁷:

for International films

What is the scheme

International films with production services made in Spain can apply for a maximum rebate of € 2.5 million, calculated at 15% of the eligible costs spent in Spain.

Who is the administrating authority

Spanish Tax Authority

⁷ Except for the region of Navarra on mainland Spain, which has a special 35% Fiscal Incentive Scheme



What is the type of incentive	Tax credit. However, the film production company has the option of claiming the tax credit as a payable tax rebate
Who is eligible	The foreign producer must hire a Spanish production service company which manage the physical production;
What are the eligible film formats	The international production has to be classified as feature films or audio-visual work (i.e. TV movies, TV series, feature film)
What are the conditions in relation to expenditures	<p>A minimum investment of €-1 million in Spain is required.</p> <p>The eligible expenses are as follows:</p> <p>Creative staff costs (wages and compensation for director, screenwriter, technical head of sound, cinematographer, etc), with tax residence in Spain or in other state of the European Union, capped to a limit of €50,000 per person.</p> <p>Expenses incurred for hiring technical companies and other provider of services</p>
Any other conditions	The deduction plus the rest of subsidies obtained by the taxpayer for this scheme cannot be more than 50%of the total production cost.
What is the procedure to apply for the scheme	The Spanish production services company must submit the company's income tax return corresponding to the fiscal year in which the services have been rendered.
Useful Contacts	<p>ICAA (Spanish Film Institute) Ministry of Culture of Spain Plaza del Rey, 1 - 3.ª planta 28004 Madrid Tel.: +34 91 701 70 00</p> <p>Spain Film Commission Carlos Rosad President coordinacion@spainfilmcommission.org www.spainfilmcommission.org</p> <p>Casa de la India Guillermo Rodriguez Director Calle Puente Colgante 13 47007 Valladolid Tel: +34-983-228711 grodrig@casadelaindia.org www.casadelaindia.org</p>



Canary Islands

Film Tax Incentive for international Productions

What is the scheme	International films with production services made in Spain can apply for a maximum rebate of € 4.5 million, calculated as 35% of the eligible costs spent in Spain.
Who is the administrating authority	Spanish Tax Authority
What is the type of incentive	Tax credit. However, the film production company has the option of claiming the tax credit as a payable tax rebate
Who is eligible	<ul style="list-style-type: none"> ▶ The foreign producer must hire a Spanish production service company which manage the physical production;
What are the eligible film formats	The international production has to be classified as feature films or audio-visual work
What are the conditions in relation to expenditures	<p>For international films, a minimum investment of € 1 million in Spain is required:</p> <p>The eligible expenses are as follows:</p> <ul style="list-style-type: none"> ▶ Creative staff costs (wages and compensation for director, screenwriter, technical head of sound, cinematographer, etc), with tax residence in Spain or in other state of the European Union, capped to a limit of €50,000 per person. ▶ Expenses incurred for hiring technical companies and other provider of services
Any other conditions	The deduction plus the rest of subsidies obtained by the taxpayer for this scheme, cannot be superior to the 50% of the total production cost.
What is the procedure to apply for the scheme	The Spanish production services company must submit the company's income tax return corresponding to the fiscal year in which the services have been rendered.
Useful Contacts	<p>Gran Canaria Film Commission Calle Mayor de Triana, nº 93 Ph.: +34-928400900 - +34-928261570 - Cell: +1 323 331 5470 Email: cadiazm@grancanaria.com www.grancanariafilm.com</p> <p>Tenerife Film Commission Concha Díaz Ferrer Coordinator concha@webtenerife.com +34 922 236 962 www.tenerifefilm.com</p>



For Spanish films or Spanish Co-production, a transferrable tax credit is allowed to Spanish companies of up to 40% for the first €1 million invested in the production, and 38% of the remaining amount invested, subject to a maximum deduction of €-5,400,000. In order to be eligible for the same:

The production must include at least two week's filming in Gran Canaria and include a Canary Islands technical or artistic participant (team leader, leading actor or actress and/or supporting actor or actress tax resident at the Canary Islands).

The work must fulfil the requirements needed to obtain the Spanish nationality (or Spanish co-production) and obtain the classification as a Canary Islands work.

A cultural test must be passed.

Visa requirements

For film shooting in Spain, a Schengen "C" type visa is required. In case film shooting will extend for a period of upto 90 days; it is essential to present the shoot permit from the municipality of the city where the film crew will be working.



Ireland

Computed economic benefit:

A net savings of **32%** on estimated film production budget to be spent abroad

Ireland

Great film and television drama continues to be made in Ireland year-after-year. Ireland hosts talented producers, directors, writers, cast and crew, backed by strong and consistent Irish government support. Ireland's National Screen Agency, the Irish Film Board (IFB) assists in funding local and international production and promotes Ireland as a film location internationally.

Infrastructure

The Irish Film Commission operates a large on-line database of more than 500 Dublin film locations, as well as comprehensive on-line databases of production companies, crew and service companies in the region. Ireland has six highly equipped film studios in and around Dublin.

Things to know

- ▶ English is widely spoken
- ▶ The unit of currency is Euro in the South or Republic of Ireland and Sterling in the North of Ireland
- ▶ The standard Irish office day is from 9am until 5.30pm with an hour for lunch, taken between 12 and 2pm. Many offices, including government departments, are closed between 12.30 and 2pm.
- ▶ The average Irish working week is 39 hours and the legal maximum 48 hours
- ▶ Working hours are governed by EU directives, which stipulate that you're entitled to a minimum of 11 hours' continuous rest in every 24 hours and at least one rest period in a working day of more than six hours.
- ▶ Employers are required to compensate staff for Sunday working (i.e., pay them more than their normal daily wage)

Production incentives

Ireland's Film and TV Tax Credit⁸

What is the scheme

Ireland's tax incentive "Section 481" for film and television is a tax credit, incentivizing film and TV production in Ireland.

The rate of tax relief is 32% of eligible expenditure. The tax credit has a "per project" cap of 32% of the lower of:

- ▶ Eligible expenditure
- ▶ 80% of the total cost of production
- ▶ €50 million

However, Film Withholding Tax, at a rate of 20% applies to payment made to actors for artistic services rendered to the "Qualifying Company"; it applies only if the actor in question is a tax-resident outside the European Union.

Ireland fact file

Seasons:

Spring:
February - April

Summer:
May - July

Autumn:
August - October

Winter:
November- January

Past Bollywood films shot:
Ek Tha Tiger

"The overall experience of shooting in Ireland was very good . Ek Tha Tiger was probably the first big Indian film to be shot in Ireland so there was a lot of support from the Irish film Board, the Tourism Board and the local authorities. Moreover, the film qualified under the incentive scheme available for film making in Ireland and this covered 28% of our budgeted spend in Ireland and reduced our overall below-the-line budget by approximately 8%. Further, the documentation requirements in order to qualify for the incentive scheme are clearly defined and hence the procedure to obtain the incentive in Ireland is smooth"

–Aashish Singh
Vice President - Production
Yash Raj Films Pvt Ltd



Who is the administrating authority	Ireland's Revenue Commissioners
What is the type of incentive	Tax Credit
Who is eligible	<p>The application to Revenue is made by the "Producer Company".</p> <p>The "Producer Company" must:</p> <ul style="list-style-type: none"> ▶ Be Irish resident or trading through a branch or agency ▶ Make film and TV for cinema exhibition or broadcast or online ▶ Be trading for at least 12 months and have filed with Revenue a corporation tax return ▶ Not be connected to a broadcaster ▶ Hold 100% shareholding in a "Qualifying Company" <p>The "Qualifying Company" must:</p> <ul style="list-style-type: none"> ▶ Be Irish resident or trading through a Branch or Agency ▶ Exists as an Special Purpose Vehicle to make one film
What are the eligible film formats	The incentive applies to feature film, TV drama (singles or series), animation (excluding computer games), and creative documentary.
What are the conditions in relation to expenditures	<p>The eligible expenditure includes the cost of all cast and crew for time worked in Ireland, regardless of nationality, as well as goods, services and facilities purchased in Ireland.</p> <p>Projects are excluded from the incentive if their "eligible expenditure" is less than €125,000, or the total cost of production is less than €250,000.</p>
What are conditions in relation to content/culture	All projects that are put forward to qualify for Section 481 must pass the Section 481 cultural test and meet at least three out of the eight criteria. This cultural test is administered by Ireland's Department of Arts, Heritage and the Gaeltacht.
What is the procedure to apply for the scheme	<p>An application for a certificate has to be made by the applicant. The application can be submitted at any time up to, but prior to, the completion of the project.</p> <p>Payment of the relief may be claimed against the producer company's corporation tax (CT) liabilities. In the event the relief due is greater than any tax due by the producer company, then a payment of the excess will be made by Revenue.</p>



General timelines

There exist two options to obtain the relief. The options are as follows:

Option A: single instalment:

On completion of the project and submission of a compliance report to Revenue, payment of 100% of the tax credit may be paid by the Revenue within 30 days.

Option B: two instalments:

- ▶ First instalment being 90% of the tax credit due, upon:
 - ▶ Financial Closing, including proof that 68% of eligible expenditure is lodged to the project production account;
 - ▶ Irish Film Board certification (IFB funded projects only); or
 - ▶ Tax credit guaranteed by financial institution, and
- ▶ Second and final instalment being 10% balance on submission of compliance report to Revenue.

Useful Contacts

Irish Film Board
14-16 Lord Edward Street
Dublin 2, Ireland
+ 353 (0) 91 561 398
locations@irishfilmboard.ie
www.irishfilmboard.ie

Naoise Barry
Film Commissioner
E naoise.barry@irishfilmboard.ie
M +353 (0)86 813 7989
T +353 (0)91 561 398

Visa requirements

Film shooting in Ireland requires a business visa. One can apply for a business visa up to 3 months in advance before the date of travel to Ireland. The visa application must be submitted online. The supporting documents must be submitted according to the summary form generated online. The processing of visa generally takes eight weeks from the date of application.



Turkey

Computed economic benefit:

A net savings of **8%** on estimated film production budget to be spent abroad

Turkey

Home to a vibrant film industry with well-established traditions of co-production, Turkey offers producers an ideal opportunity to diminish the costs of filmmaking. It provides unbelievably low costs for film logistics, genuinely competitive prices for equipment rental and professional labor, and last but not least, incredibly favorable exchange rates for world currencies.

Turkey is a goldmine of advantages that offers great peace of mind to film professionals in each and every phase of film production. The country is big with different climates and it has everything that a film director/producer may want – natural wonders such as Cappadocia, Pamukkale, beautiful beaches, rocky shores, waterfalls, lakes, rivers, mountains, dry lands, modern architecture, unique cities, towns, villages and streets.

Things to know

- ▶ Turkey's Labor Code defines the work week as 45 hours.
- ▶ Statistically, Istanbul is one of the safest major cities in Europe with a relatively low incidence of violent crime.
- ▶ Turkish people are very hospitable.

Infrastructure

Turkey has unique locations such as Istanbul, which offers a mix of classic architecture, café culture and twenty-first century modernity. You can shoot spring, summer, autumn and winter scenes throughout the year. For example, you can shoot a skiing scene on a snowy mountain and then a swimming scene on the beach in the same day in Antalya for about nine months of the year.

Turkish crews are plentiful and there are also some directors, DOPs and art directors. An added bonus in Turkey is that Istanbul is home to post-production houses, which are equipped to provide telecine, editing, VFX, animation, 3D stereoscopy and audio. Moreover, at the cutting edge of post-production in Turkey is Mojo, well-known for its VFX and animation work. In terms of casting, Turkey has a variety of ethnic and cultural looks available.

Production incentives⁹

What is the scheme	Foreign film producers can receive returns of the VAT paid during procurement and import of the goods and services that they buy within the duration of film shooting.
Who is the administrating authority	Ministry of Finance, Turkey
What is the type of incentive	Cash rebate
Who is eligible	All cinematographic works approved by the Ministry of Culture and Tourism are eligible for VAT rebate.

⁹ Information provided by Turkey Consulate Office, India

Turkey fact file

Seasons:

Spring:
March - May

Summer:
June - August

Autumn:
September- November

Winter:
December - February

Past Bollywood films shot:

Krrish 3, Race 2, Game, Ek Tha Tiger, Guru

"Shooting in Turkey for Dil Dhadakne Do was a very comfortable affair. The country has good infrastructure, facilities for film shooting and professional teams making it an easy-to-shoot location."

-Vikesh Bhutani
Executive Producer
Excel Entertainment Pvt Ltd



What is the procedure to apply for the scheme

- ▶ Foreign film producers can make a petition for VAT returns to the relevant tax office following the expiry of duration of film shooting, which is designated by the Ministry of Culture and Tourism.
- ▶ VAT returns are processed on the condition that a report drawn up by a certified financial accountant (CFA) is submitted.
- ▶ VAT returns are finalized in 30 days following a complete CFA report is submitted.

Useful contacts

Turkish Film Commission

Istanbul

Address: Şahkulu mah. Serdar-ıEkrem sok. No : 5/4 Galata / Beyoğlu İstanbul

Mumbai

Address: 107/108 Mittal Chambers Nariman Point, Mumbai / 400 021

Email-id: info@turkishfilmcommission.org

Turkey also provides a 100% deduction in Income tax and Corporate Tax for the following expenditures relating to:

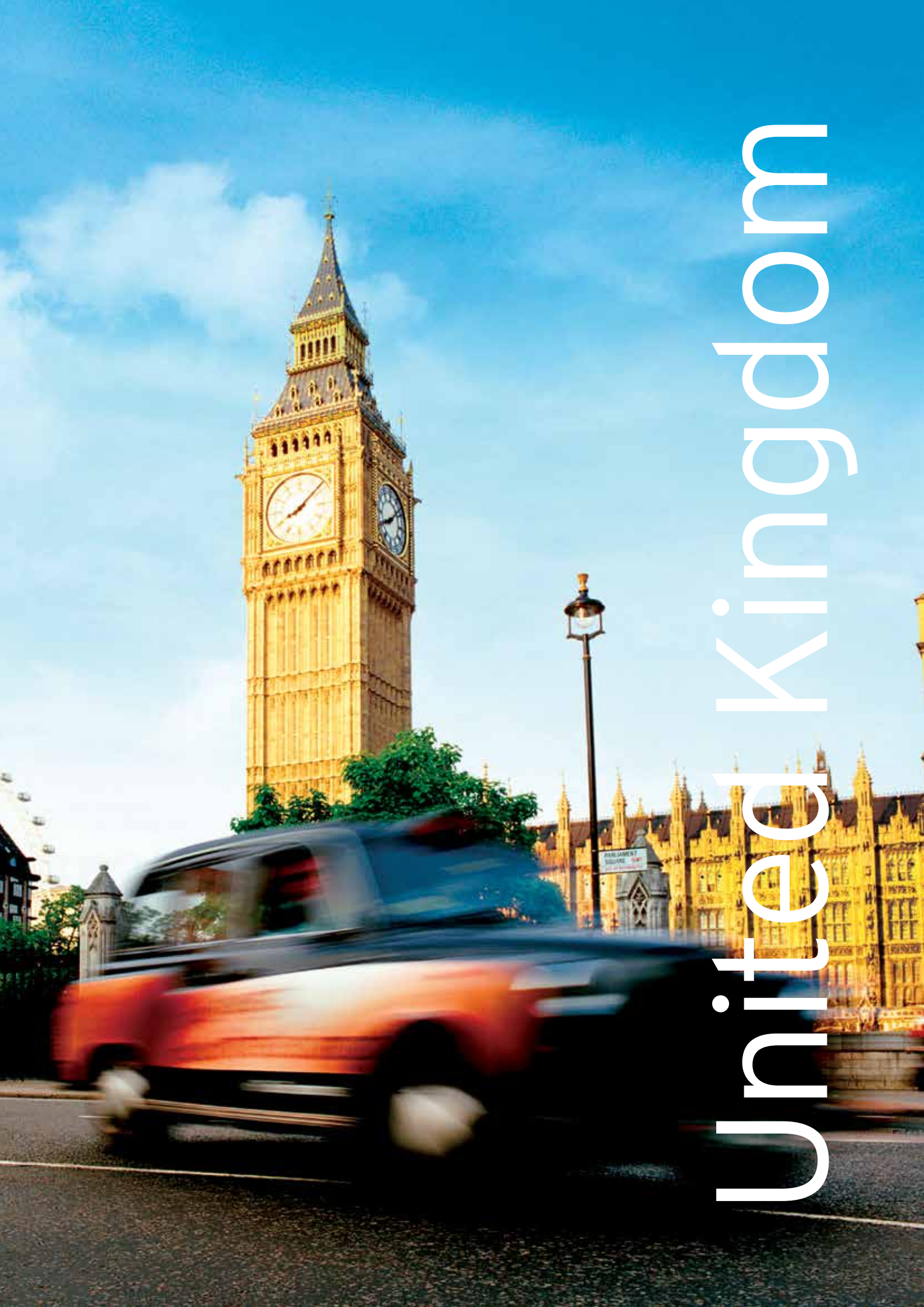
- ▶ Production and activities of intangible cultural heritage, fine arts, cinema, contemporary and traditional handicraft as well as research and training.
- ▶ Setting up studios and film sets
- ▶ Maintenance and repair work
- ▶ Provision of all kinds of tools and equipment
- ▶ Film production

Visa requirements

Foreign film producers, directors and companies who want to shoot a film in Turkey have to apply to the Ministry of Culture and Tourism- Cinema department, to obtain filming permit. One member of the foreign crew (the director or the producer) have to fill out and sign the application form in English or in Turkish. Cinema department will also request you to send the passport copies of each traveling member in the crew as well as a list of filming equipment (if any) that you plan to bring into the country. It is obligatory to have at least one host who is a citizen of the Turkish Republic to apply for the filming permission. Once the documents are complete, it usually takes 7 to 15 days to get general film permits.

Once the project is granted a film permit by the Turkey Directorate of Cinema, the filmmakers will then apply for filming visas in Turkey, which can only be done through the nearest embassy or consulate of Turkey.

Before shooting the film in Turkey, you may have to apply to the Governership or the Directorate of Culture and Tourism of the cities where you will shoot the film. Specific location permissions will usually take an extra week on top of general film permits.



United Kingdom

Computed economic benefit:

A net savings of **25%** on estimated film production budget to be spent abroad

United Kingdom

United Kingdom fact file

Seasons:

Summer:

June - August

Autumn:

September- November

Winter:

November - January

Past Bollywood films shot:

Jab Tak Hai Jaan, Housefull 2, Namaste London, Desi Boyz

Things to know

According to United Kingdom labor law, average working hours is 48 hours per week. However, people in United Kingdom work the longest hours on average in Europe.

Trains to cities all over United Kingdom are common and easy to use.

Infrastructure

United Kingdom offers first class studios, VFX, post-production and music facilities. Furthermore, diverse range of unique locations and extensive and experienced crew base with acting, producing, directing and writing talent. It also consists of nationwide network of expert support companies.

Production incentives

UK Film Tax Relief (FTR)¹⁰

What is the scheme

- ▶ For films with a total core expenditure of £20 million or less, the film production company can claim payable cash rebate of up to 25% of UK qualifying film production expenditure
- ▶ For films with a core expenditure of more than £20 million, the film production company can claim a payable cash rebate of up to 25% of the first £20 million of qualifying UK expenditure, with the remaining qualifying UK expenditure receiving a 20% tax credit.
- ▶ Tax relief is available on qualifying UK production expenditure on the lower of either.
 - ▶ 80% of total core expenditure; or
 - ▶ The actual UK core expenditure incurred
 - ▶ There is no cap on the amount, which can be claimed.

Who is the administrating authority

Manchester Incentives and Reliefs Team

What is the type of incentive

Cash Rebate

¹⁰ British Film Commission (BFC) Brochure 2014 available on BFC website



Who is eligible

- ▶ UK Film Tax Relief is available to Film Production Companies (FPCs). The FPC is defined as the company responsible for the pre-production, principal photography and post production of the film and for the completion of the finished film. The FPC must be within United Kingdom corporation tax net.
- ▶ Projects must qualify as British via either the cultural test or one of United Kingdom's official co-production treaties. UK has a co-production treaty with India.

What are the eligible film formats	Feature films intended for theatrical release
What are the conditions in relation to expenditures	<p>To be eligible for Film Tax Relief a minimum of 10% of costs must be spent on UK qualifying expenditure.</p> <p>UK expenditure is defined as expenditure incurred by the FPC on pre-production, principal photography, post production, which take place within United Kingdom, irrespective of the nationality of persons carrying out the activity.</p>
Any other conditions	Films must be intended for theatrical release
What is the procedure to apply for the scheme	<p>An application for interim or final certificate has to be made to the British Film Institute. Thereafter, FTR claim has to be made by completing the appropriate section in the FPC's tax return form. The tax return form must be accompanied by either an interim or final certificate from the British Film Institute on behalf of the Department for Culture Media and Sport certifying that the film is British.</p> <p>The FPC can set their own accounting periods and can make interim FTR claims.</p>
General timelines	Claim for FTR may be made within one year of the FPC's tax return filing date for the period in question
Useful Contacts	<p>BFI Certification Unit E-mail: certifications@bfi.org.uk tel: +44 (0)20 7173 3214 Manchester Incentives & Reliefs Team E-mail:: creative.industries@hmrc.gsi.gov.uk tel: +44(0) 3000 510 191.</p>

Visa requirements

In order to shoot a film in United Kingdom, one requires a Tier 5 (Temporary Worker Creative and sporting) visa. The applicant needs to have a certificate of sponsorship from a licensed employer before applying for the visa. The application can be made up to three months in advance before the date of travel to UK. The processing of visa generally takes three weeks. With the visa, the applicant may visit UK for maximum of up to 12 months, or the time given in the certificate of sponsorship and additionally up to 28 days, whichever is shorter. However, the visa is extendable. The stay must not start more than 14 days before the date of start mentioned on the certificate of sponsorship.

Africa





South Africa

Computed economic benefit:

A net savings of **9.9%** on estimated film production budget to be spent abroad

South Africa

South Africa fact file

Seasons:

Spring:

August - Mid-October

Summer:

Mid-October - Mid-February

Autumn:

Mid-February - April

Winter:

May - July

Past Bollywood films shot:

Aashiqui 2, Welcome, Cocktail, Raja Natwarlal

"South Africa is the perfect film shooting destination. We have shot nine films in the country and the support from the Government, Film Commission and the locals is always very welcoming. Permissions for film shooting are granted through a single-window clearance system which is facilitated by Government bodies such as Film Commissions. All our requirements for shooting such as equipment, technicians, dancers etc., are easily available at good rates. Labor is very flexible and accustomed to Indian working culture. South Africa hosts some of the most beautiful locations and properties for film shooting. Moreover, the favorable exchange rate which takes care of the financial aspect of the film makes South Africa the desired film shooting destination."

–Mukesh Bhatt
Chairman and Managing Director
Vishesh Films

South Africa's varied landscapes, climate and variety of locations, has made the country an ideal destination for commercial film and TV productions. Lured by the country's favorable exchange rate and fast improving film studio infrastructure, international production houses are increasingly identifying South Africa, as a location to film everything from TV commercials to fully fledged Hollywood blockbusters, to locations in Europe or the US.

Things to know

- ▶ The maximum normal working time allowed is 45 hours weekly. This is nine hours per day (excluding a lunch break) if the employee works a five-day week, and eight hours per day (excluding a lunch break) if the employee works more than 5 days per week.
- ▶ Lunch break is usually unpaid in South Africa.
- ▶ Maximum permissible overtime is three hours on any one day or 10 hours in any one week.
- ▶ South Africa has 11 official languages and the country is often termed the "rainbow nation" because of its cultural diversity. Although English is spoken throughout the country and is most used in a business environment, it is actually only the fifth-most common home language spoken.

Infrastructure

Equipment rental companies in South Africa offer the latest in camera, sound and lighting equipment. South Africa is able to compete on even terms with international rates, and in most instances offers increased value for money than comparative international budgets.

Post production facilities are equal to the best in the world. These include well established and equipped post-production digital facilities as well as audio, graphics and animation houses.



Production incentives

The South African Film And Television Production Incentive¹¹

- What is the scheme**
- ▶ Shooting on location in South Africa, the incentive will be calculated as 20% of Qualifying South African Production Expenditure (QSAPE) A cap of ZAR50 million will be applicable
 - ▶ Shooting on location in South Africa and conducting post-production with a Qualifying South African Post-Production Expenditure (QSAPPE) of ZAR1.5 million in South Africa, the incentive will be calculated at 22.5% of QSAPE and QSAPPE (an additional 2.5%, cumulative 22.5%)
 - ▶ Shooting on location in South Africa and conducting post-production with a QSAPPE of R3 million and above in South Africa, the incentive will be calculated as 25% of QSAPE and QSAPPE (an additional 5%, cumulative 25%)
 - ▶ Foreign post-production with QSAPPE of ZAR1.5 million, the incentive is calculated at 17.5% of QSAPPE (this applies to foreign productions that come to SA only for post-production work)
 - ▶ Foreign post-production with QSAPPE of ZAR3 million and above the incentive is calculated at 20% of QSAPPE (this applies to foreign productions that come to SA only for post-production work)

Who is the administrating authority Department of Trade and Industry (DTI)

What is the type of incentive Cash rebate

- Who is eligible** Registered legal entity/special purpose corporate vehicle
- ▶ An applicant must be a Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa solely for the purpose of the production and/or post-production of a film or television project.
 - ▶ The applicant must be the entity responsible for all activities involved in the production and/or post-production in South Africa and must have access to full financial information for the whole production and/or post-production worldwide.
 - ▶ Only one entity per production and/or post-production for film, animation, television drama or documentary series can be eligible for the incentive.
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- What are the eligible film formats** The following formats are eligible:
- ▶ Feature films
 - ▶ Tele-movies
 - ▶ Television drama series
 - ▶ Documentaries
 - ▶ Animation

¹¹ Programme Guidelines issued on 1 September 2014, Department of Trade and Industry, Republic of South Africa



What are the conditions in relation to expenditures

- ▶ QSAPE includes all production costs incurred by the applicant on intellectual property and goods owned, or facilities and services provided by South African companies. All expenditure in South Africa for international services that remains in South Africa will qualify as QSAPE. Only production costs discharged through the bank account of the SPCV will qualify as QSAPE.
- ▶ QSAPPE includes all post-production costs incurred by the applicant on goods owned or facilities and services provided by South African companies. Only post-production costs discharged through the bank account of the SPCV will qualify as QSAPPE.
- ▶ QSAPE should be net of VAT

The following post production expenditure are eligible:

- a. Licence fees (Dolby, Music)
- b. Artist fees
- c. Travel, accommodation and per diem of overseas crew when based in South Africa
- d. Editing suites while out of South Africa, sound studios, roto/VFX outsource work and some animation outsource services
- e. Editorial and sound post-production
- f. Facilities and personnel usage in the post-production process
- g. Training components
- h. Movement of data, connectivity and couriers

What are conditions in relation to content/culture

For productions with a QSAPE of minimum ZAR12 million and less than ZAR100 million

- ▶ At least 50% of the principal photography schedule must be filmed in South Africa; and
- ▶ A minimum of four weeks of the principal photography must be filmed in South Africa.

For productions with QSAPE of ZAR100 million and more, the above requirements may be waived at the discretion of the Adjudication Committee.

For post-productions with QSAPPE of ZAR1.5 million and more

- ▶ A minimum of two weeks post-production must be carried out in South Africa. The requirement will be waived if 100% of the post-production is conducted in South Africa

What are conditions in relation to on-screen credits

- ▶ The DTI must receive credits for its contribution in the production.
- ▶ The DTI logo must be made visible in all production marketing material, e.g., DVD covers, banners and posters etc.



Any other conditions

Commencement

- ▶ Principal photography should not commence until an approval letter has been received from the DTI
- ▶ Applications for post-production must be received before commencement of online post production.

Compliance with Broad-Based Black Economic Empowerment

- ▶ Both the applicant SPCV and holding company(ies) must comply with the requirements for Broad-Based Black Economic Empowerment (B-BBEE). The fundamental objective of the B-BBEE is to advance economic transformation and enhance the economic participation of black people in the South African economy. A B-BBEE certificate should be submitted and a status level should be achieved according to B-BBEE Codes of Good Practice.

What is the procedure to apply for the scheme

- ▶ Firstly an application for provisional approval has to be submitted in Form A
- ▶ Thereafter a confirmation of commencement of principal photography is to be submitted in Form B (on the first day of principal photography)
- ▶ In case if the completion date of production differs from the one indicated in the original application, a revised completion date intimation would have to be filed in Form C (accompanied by a revised post-production schedule)
- ▶ Lastly, an application for payment of the incentive is to be filed with DTI in Form D including specified documents such as audited summary, detailed expenditure report, complete general ledger in electronic format, etc.

General timelines

The DTI will make payment within 30 calendar days after an approval by the DTI of the relevant claim in accordance to the requirements and conditions of the incentive scheme's guidelines (which may include a physical inspection). The DTI may delay payment for an indefinite period, provided that it will inform the beneficiary of reasons for such delay to ensure that no delay is for unjust administrative reasons. Payment will be made directly into the bank account of the beneficiary only.

Useful Contacts

Wendy Mphahlele
 MphahleleW@thedti.gov.za
 +27 (12) 394 1876

Incentive Development and Administration Division,
 The Department of Trade and Industry,
 Private Bag X84, Pretoria, 0001.

Visa requirements

Visitor's Visa is issued for the purpose of working in the production of a movie or a show (i.e., the entertainment industry).

To ensure that the application is processed without any delay the following documents need to be attached:

- ▶ Complete and signed visa application form in black ink only.
- ▶ Passport (valid for at least thirty(30) days from intended departure date from South Africa and at least three(3) unused/blank visa pages)
- ▶ Supporting documentation according to the relevant checklist



Mauritius



Mauritius

Computed economic benefit:

A net savings of **29.6%** on estimated film production budget to be spent abroad

Mauritius is a film friendly country known for its great weather and a wide variety of natural, urban and rural locations.

Things to know

- ▶ English is the official language spoken
- ▶ Normal working hours in Mauritius are 8 hours per day

Infrastructure

Mauritius enjoys a considerable variety of superb natural and man-made filming locations. The country hosts 38 audio-visual production studios that offer high-end video and audio production services.

Production incentives

The Film Rebate Scheme (FRS)¹²:

What is the scheme	A 30% rebate for Qualifying Production Expenditures incurred in Mauritius.
Who is the administrating authority	The Mauritius Board of Investment (BOI)
What is the type of incentive	Cash rebate
Who is eligible	The FRS is open to any film production company registered in Mauritius, including those with 100% foreign ownership. It is also open for projects using the services of a locally registered production services company.
What are the eligible film formats	<p>The scheme covers a wide range of productions and projects, namely:</p> <ul style="list-style-type: none"> ▶ Feature Films ▶ Documentaries ▶ Tele-movies or single episode drama television programs ▶ Episodes of factual, natural history, lifestyle, magazine or commercial programs, or advertising features

Mauritius fact file

Seasons:

Summer:
November - January

Monsoon:

February - April

Winter:

May - October

Past Bollywood films shot:

Sorry Bhai, Break ke Baad, Chashme Baddoor

¹² Film in Mauritius Brochure, Board of Investment, Mauritius

Film Rebate Scheme - Guideline for submission of claim, Board of Investment, Mauritius

Contribution by **Nadeem Sham**, CEO and Producer, MGT Worldwide Film and TV, MGTW GROUP



What are the conditions in relation to expenditures

The minimum local qualifying spend per project is

- ▶ For feature films - US\$100,000
- ▶ For high end TV commercials - US\$30,000
- ▶ For documentaries - US\$50,000
- ▶ For telemovies or single episode drama television programs - US\$50,000

“Qualifying production expenditure” includes the following:

- ▶ Travel to Mauritius (by air and by sea)
- ▶ Accommodation in Mauritius
- ▶ Catering activities
- ▶ Ground transport and facility vehicle services
- ▶ Labor costs including non-nationals
- ▶ Post-production services (picture and sound)
- ▶ Production service company fees
- ▶ Professional services (such as insurance, legal and accounting services)
- ▶ Rental of camera and lighting equipment
- ▶ Other allied costs



What is the procedure to apply for the scheme

- ▶ The duly filled and signed application form, film details and all relevant supporting documents should be submitted to the Board of Investment
- ▶ Upon receipt of an application, the BOI conducts a pre-assessment exercise of the project based on the eligibility criteria, following which a Film Rebate Committee (FRC), comprising members from different government institutions, processes and recommends the project to the Managing Director.
- ▶ The Managing Director approves or rejects the project based on recommendation of the Film Rebate Committee.
- ▶ Upon approval, the BOI issues an approval letter to the applicant under prescribed terms and conditions within three working days of such approval. In case the application is declined, the applicant is informed accordingly and the underlying reasons.
- ▶ For approved projects, BOI will facilitate for clearances and authorizations for shooting locations.
- ▶ The application for reimbursement of expenses has to be made on the **Claim Form**, which will be accompanied by a Certified Report from a local auditor providing details of the amount of QPE incurred and actually paid by the Film Producer in Mauritius.
- ▶ Upon receipt of claim, the BOI examines the same and circulates within members of the committee for approval
- ▶ Upon the recommendation of the committee, the BOI will effect the reimbursement through a cheque to be issued to the applicant. However, in case the claim is rejected, the BOI will issue a letter to the applicant specifying the reasons for rejection.

General timelines	Applications for approval should be made not later than one month before production is due to start in Mauritius. Furthermore, the claim for reimbursement of expenditure should be submitted within 60 days after film shooting in Mauritius.
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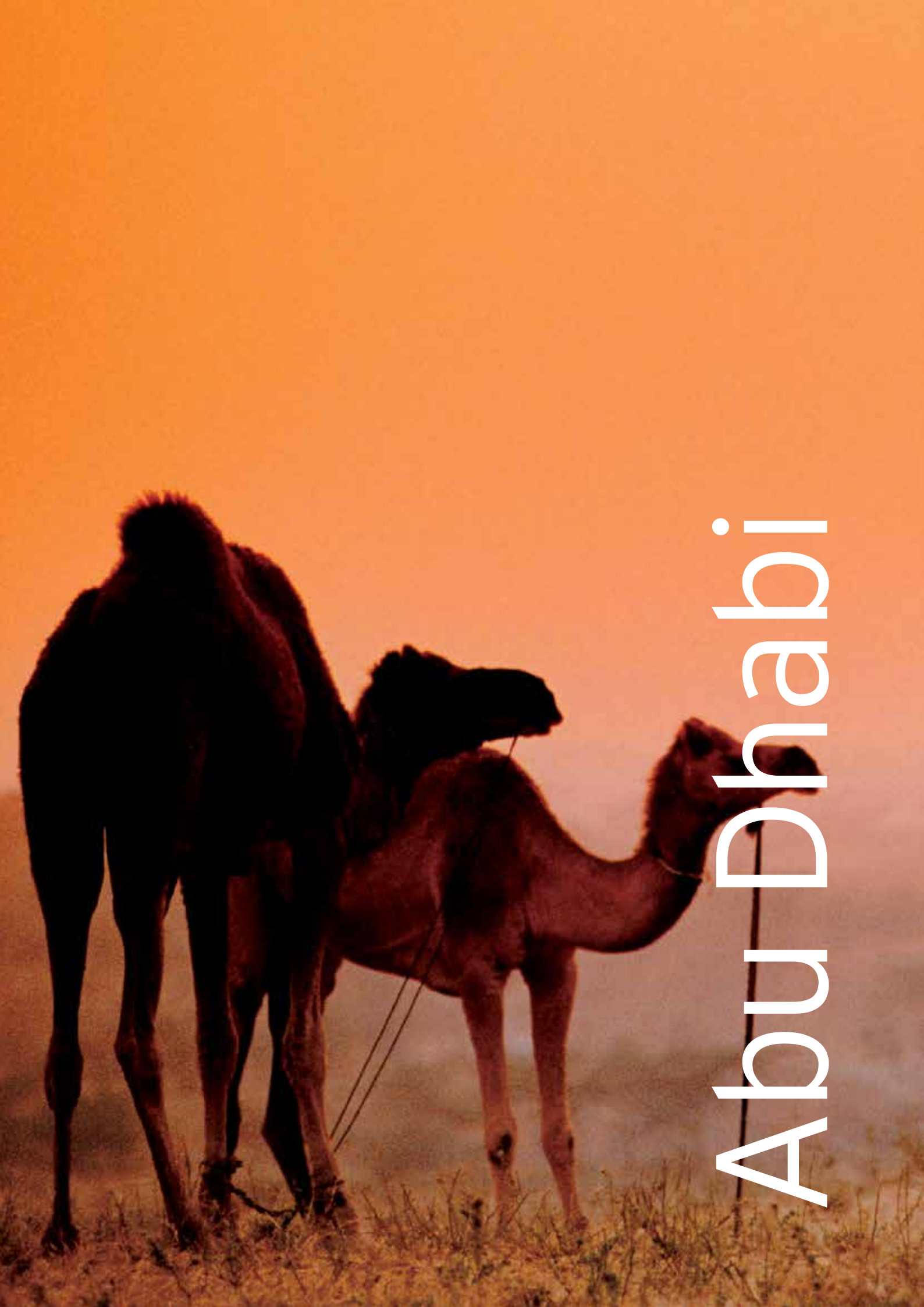
Useful Contacts	<p>The Mauritius Board of Investment</p> <ul style="list-style-type: none"> ▶ Mrs. Shamima Mallam Hassam (Director) - filmdevelopment@investmauritius.com ▶ Mrs. Adeelah Aubdoollah (Investment Executive) - filmdevelopment@investmauritius.com <p>Mauritius Film Development Corporation</p> <ul style="list-style-type: none"> ▶ Mrs. Nurvuda Kamla Ramyeed (General Manager) - mauritiusfilm@intnet.mu ▶ Mr. Vinay Bacorise (Marketing Officer) - vbacorisen@mauritiusfilm.org
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Visa requirements

Indian nationals wanting to shoot in Mauritius require a Business Visa. Film crews do not require work permits except for long-term projects. The Mauritius BOI can facilitate visa clearances within one working day or lesser where required.

Middle-East





Abu Dhabi

Computed economic benefit:

A net savings of **15.9%** on estimated film production budget to be spent abroad

Abu Dhabi

Abu Dhabi fact file

Seasons:

Summer:

May- September

Monsoon:

November - February

Winter:

December - March

Past Bollywood films shot:

Bang Bang, Baby

Located at the crossroads of Asia, Africa and the Middle East, Abu Dhabi is an exciting, vibrant, multi-cultural city and a truly international capital – a great place to work and play. Film and TV production professionals know that Abu Dhabi is a production ready place with generous financial incentives, location diversity, production resources and professional support to make any size production a true success.

Things to know

- ▶ The maximum prescribed working hours is eight hours daily or forty-eight hours per week.
- ▶ The time travelling to and from work is not included in working hours
- ▶ The **best time** to visit Abu Dhabi is during the **winter months** from November to April, when the temperature averages 24°C
- ▶ English is widely spoken in Abu Dhabi
- ▶ It is illegal to eat, drink or smoke in public view during Ramadan fasting hours.

Infrastructure

Abu Dhabi hosts award-winning, experienced, professional crew and supplier bases. Furthermore, it offers a full services offering for government servicing, permits, visas, script approval, customs clearance and shooting permits. Additionally, the country consists of first class studios and post-production facilities at competitive rates.

Production incentives

30% cash rebate¹³

What is the scheme	The rebate will be 30% of Abu Dhabi Qualifying Production Expenditure
Who is the administrating authority	Abu Dhabi Film Commission (ADFC)
What is the type of incentive	Cash rebate
Who is eligible	<p>Applicant must be a production company or a production services company holding a valid media zone authority – Abu Dhabi Trade Licence. However, an applicant receiving Abu Dhabi public funding for their production may not apply for such rebate.</p> <p>An entity principally responsible for all activities involved in the making of production in Abu Dhabi may not hold a valid trade license and may apply for the rebate via an applicant.</p>

13 Rebate Guidelines Brochure, Abu Dhabi Film Commission



<p>What are the eligible film formats</p>	<ul style="list-style-type: none"> ▶ Feature film including commercial theatrical documentary features (minimum of 75 mins in length) ▶ Television programs and series (minimum 30 mins per episode) ▶ A commercial/advert
<p>What are the conditions in relation to expenditures</p>	<ul style="list-style-type: none"> ▶ Minimum expenditure threshold limits must be met. ▶ Minimum ADQPE spending thresholds are as follows <ul style="list-style-type: none"> ▶ Feature film: US\$200,000 ▶ Television productions and series: US\$50,000 ▶ Commercials: US\$25,000 ▶ In case of post-production only, the thresholds are as follows <ul style="list-style-type: none"> ▶ Feature film: US\$70,000 ▶ Television productions and series: US\$15,000 ▶ Commercials: US\$10,000 ▶ ADQPE is expenditure incurred by the Applicant (or Producer as applicable) wholly in respect of the applicable production and attributable to categories of goods and services provided in Abu Dhabi. Except in relation to below the line crew fees, all payments that qualify for ADQPE must be paid to a supplier registered in Abu Dhabi and holding a current trade license for the relevant activity.
<p>What are conditions in relation to content/culture</p>	<p>ADFC should be given a credit in the end credits or end crawl in all cases on all prints of the film (or other content as applicable), in the form of a logo as provided by ADFC.</p>
<p>What is the procedure to apply for the scheme</p>	<ul style="list-style-type: none"> ▶ Firstly, applicants will require National Media Council (NMC) and/or ADFC approval for any production that is the subject of a rebate application, and such approval should be obtained via ADFC as early as possible in the application process in order to ascertain potential rebate eligibility. ▶ Thereafter, applicants must obtain an Interim Certificate during pre-production. The Interim Certificate confirms eligibility of the project for a rebate in principle only and the estimated amount of the rebate payment. ▶ Lastly, final confirmation from ADFC of the amount of rebate payable to the applicant will be evidenced by an ADFC issue of a final certificate of rebate eligibility.
<p>General timelines</p>	<ul style="list-style-type: none"> ▶ The NMC/ADFC approval may be expected within 20 days of submission of script and/or other relevant materials. ▶ ADFC will carry out the final assessment of the Rebate application within 14 days of receipt of all required documentation and audited expenditure statement. ▶ If there are no questions or additional information required, the rebate should be paid to applicant within 45 days of issue of the Final Certificate.

Useful Contacts

Abu Dhabi Film Commission
Abu Dhabi Business Hub, Building B, ICAD, Musaffah,
PO Box 77809
Abu Dhabi
UAE
info@film.gov.ae
Tel: +97124012066, 97124012035
Contact person: Michael Flannigan
Tel: +971506435431
email: michael.flannigan@film.gov.ae

Visa requirements

Cast and crew usually require a tourist visa if the length of stay is for a short period of time – about 15 days to a month. The tourist visa can be extended to one more month, if required; however, it would require the cast and crew to travel out of Abu Dhabi and then back in. In case the stay exceeds beyond the above, an employment visa is required.

If all necessary documentation is available, the turnaround time for grant of visa is around five working days. In case of emergencies, the time required for grant of visa is two to three working days, which may vary from case to case, depending on the urgency.

North-America



Ontario, Canada



Computed economic benefit:

A net savings of **13.3%** on estimated film production budget to be spent abroad

Ontario, Canada

Things to know

- ▶ The maximum number of work hours in a day is eight hours or 48 hours in a work week
- ▶ Generally, at least 11 consecutive hours should be given as cooling period each day
- ▶ 43 guidelines have been prescribed for safety during film shooting in Ontario

Infrastructure

Decades of experience, skilled crews and the largest talent pool in Canada all contribute to placing Ontario on the short list of international filming destinations. Producers from all over the world come to Ontario to take advantage of:

- ▶ Favorable economic environment including competitive tax credits
- ▶ State-of-the-art production facilities
- ▶ A wide diversity of locations
- ▶ A variety of weather conditions
- ▶ The best technical and creative crews in the business

Production incentives

Ontario Production Services Tax Credit (OPSTC)¹⁴:

What is the scheme	<p>The OPSTC is a refundable tax credit, which means that the amount of the credit, minus any Ontario taxes payable, will be paid to the qualifying corporation.</p> <p>The OPSTC for an eligible production for a taxation year of the qualifying corporation is calculated by multiplying the qualifying corporation's "qualifying production expenditure" (QPE) for the taxation year by the credit rate of 25%.</p>
Who is the administrating authority	<p>The OPSTC is jointly administered by the Ontario Media Development Corporation (OMDC) – an agency of the Ministry of Tourism, Culture and Sport and the Canada Revenue Agency</p>
What is the type of incentive	<p>Refundable Tax Credit</p>

Ontario fact file

Seasons:

Spring:
March - May

Summer:
June - August

Autumn:
September - October

Winter:
November - February

Past Bollywood films shot:

Koi Mil Gaya, Kismet
Konnection, Neel 'n' Nikki,
Apne, Kal Ho Naa Ho

14 Ontario Production Services Tax Credit Guidelines - April 2013, OMDC



Who is eligible

A qualifying corporation is a Canadian or foreign-owned corporation, which carries on a film or video production, or production services business, at a permanent establishment in Ontario, files an Ontario corporate tax return and owns the copyright in the eligible production, or contracts directly with the copyright owner to provide production services to an eligible production.

A qualifying corporation may be a corporation incorporated under the laws of any jurisdiction (Canadian or non-Canadian) and may be controlled by Canadian or non-Canadian owners.

What are the eligible film formats

An “eligible production” is a production, which satisfies all of the following requirements:

- ▶ The principal photography for the production commences before the end of the taxation year.
- ▶ If the production is a television series production or is a pilot episode for a television series production, the total expenditures included in the cost of each episode or, if the production is a depreciable property, in the capital cost of each episode, during the 24 months after principal photography for the production commences, exceed,
 - ▶ C\$100,000 if the episode has a running time that is less than 30 minutes
 - ▶ C\$200,000 in any other case.
- ▶ If the production is not the type of production referred to above, the total expenditures included in the cost of the production, or if the production is a depreciable property, in the capital cost of the production, during the 24 months after principal photography for the production commences, exceed C\$1 million.
- ▶ The production is not a production in the excluded genre.
- ▶ The production is not a production for which public financial support will be contrary to public policy.



What are the conditions in relation to expenditure

An eligible production must exceed a minimum production cost and must not be in an excluded genre.

The production cost must be at least C\$1 million, except in the case of a series consisting of two or more episodes, or a pilot for such a series. In the case of a series or pilot, the cost for each episode, which has a running time of thirty minutes or less must be at least C\$100,000 and the cost for episodes with a longer running time must be at least C\$200,000.

- ▶ “Qualifying production expenditure” may consist of the following types of amounts:
- ▶ Eligible wage expenditures paid to employees of the qualifying corporation;
- ▶ Eligible service contract expenditures paid by the qualifying corporation to persons or partnerships that carry on business through a permanent establishment in Ontario;
- ▶ Eligible tangible property expenditures paid by the qualifying corporation to a person or partnership that is ordinarily engaged in the business of selling or leasing tangible property of the type of tangible property acquired or leased by the corporation; and
- ▶ Reimbursements made by a wholly-owned subsidiary corporation to its parent corporation for an expenditure made by the parent, which would be an eligible wage expenditure or eligible service contract expenditure of the subsidiary corporation if it had been made by them for the same purpose as the parent
- ▶ Expenditures such as hotel, international travel are excluded

What is the procedure to apply for the scheme

- ▶ Application for Certificate of Eligibility: The qualifying corporation must submit a completed OPSTC Application to the OMDC on the online portal along with administration fee C\$5,000 in respect of each eligible production.
 - ▶ Filing of Corporate Tax Return: In order to claim OPSTC, the qualifying corporation must file a corporate tax return along with relevant scheduled with the Canadian Revenue Agency (CRA).
 - ▶ Review by CRA: CRA will review and audit the corporate tax return and the certificate of eligibility. Furthermore, the CRA may issue notices for assessments.
 - ▶ Payment of OPSTC Refund: If the qualifying corporation is owed a tax refund (which may include an OPSTC) for the taxation year, a cheque or direct deposit may be issued by the CRA. The amount of refund may be reduced by any of the qualifying corporation’s outstanding federal and Ontario taxes (such as corporate income taxes, retail sales tax, provincial sales tax, etc.).
-



General timelines

An OPSTC application for a Certificate of Eligibility may be made to the OMDC at any time during the production or after production activities have been completed. As a Certificate of Eligibility can be issued before all production activities are completed, it is not necessary to wait until all expenditures have been incurred before applying for a Certificate

Useful contacts

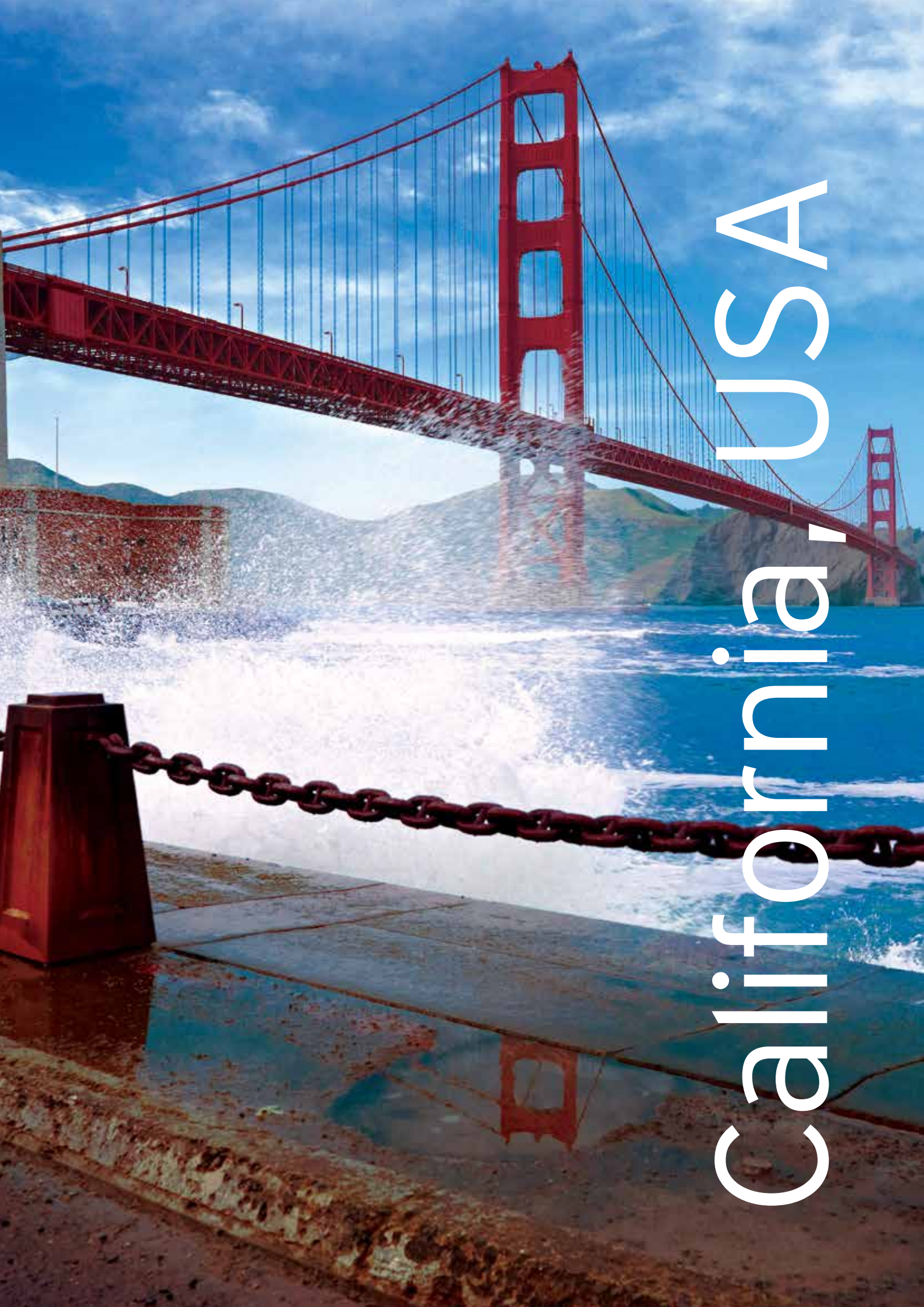
CANADA REVENUE AGENCY
Tel: 1 800 959-5525

Tax Credits & Financing Programs
Ontario Media Development Corporation
175 Bloor St. East, South Tower, Suite 501
Toronto, ON M4W 3R8
T: 416.314.6858
F: 416.314.6876
taxcredits@omdc.on.ca

Ontario also provides Ontario Film & Television Tax Credit (OFTTC), a 35% refundable tax credit on eligible Ontario labor expenditures incurred by qualifying production company (including official co-producer) with respect to an eligible Ontario production. Furthermore, an enhanced rate of 40% on the first C\$240,000 of qualifying labor expenditure is available for first time producers. Furthermore, it should be noted that Canada has a Co-production Treaty with India.

Visa requirements

Actors and film crews seeking to do movie shoots in Canada must obtain work permits. Holders of Indian passports also require a Temporary Resident Visa (TRV) to enter Canada as a temporary resident. If an application for a work permit is approved, a TRV (if required) will also be issued. Generally, applications for work permit are processed within 2 months.



California, USA

Computed economic benefit:

A net savings of **12.4%** on estimated film production budget to be spent abroad

California, USA

California fact file

Seasons:

Spring:

March - May

Summer:

June - August

Autumn:

September- November

Winter:

December - February

Past Bollywood films shot:

My Name is Khan, Kambakkht Ishq, Anjaana Anjaani

"While we could not qualify for the film production incentive in California since we did not meet the condition of minimum number of days of shooting in California, however, our overall experience of shooting in California was very pleasurable and smooth. The film shooting permissions were granted under a single-roof. Additionally, the labour and the technicians available were flexible in terms of shooting hours. The infrastructure for film shooting in California is amongst the best."

—Sumit Chawla

Executive Producer
Dharma Productions Pvt Ltd

California is home to the entertainment industry in the US. California has the best weather (315 days of sunshine per year), the most diverse locations, the most skilled crews and the world's best production infrastructure.

Things to know

- ▶ The minimum wage rate in California is US\$9 per hour
- ▶ In California, overtime is paid if working hours are more than eight hours in a day or 40 hours in a week.

Infrastructure

California boasts a superior critical mass of state-of-the-art facilities, highly-skilled film crews, and the best talent.

Production incentives

California Film & Television Tax Credit Program¹⁵

What is the scheme

- ▶ The scheme is applicable with effect from May 2015. A 20% Tax credit will be provided on certain qualifying productions and a 25% Tax credit on other qualifying productions.
- ▶ The projects may receive an additional 5% uplift tax credit in respect of the following expenditures:
 - ▶ Out-of-zone filming
 - ▶ Music scoring and music track recording by musicians
 - ▶ Visual effects
- ▶ However, it should be noted that the all the above uplifts cannot be combined. The maximum credit a production can earn is 25%.
- ▶ Productions will be ranked from highest to lowest based upon their "jobs ratio" and other criteria against "like" projects. Tax credits will be awarded to those productions in each category with the highest ranking.

Who is the administrating authority

California Film Commission

¹⁵ California Film & Television Tax Credit Program - Guidelines, March 2014, California Film Commission





What is the type of incentive	Tax credit
Who is eligible	<p>“Applicant” is any corporation, partnership, limited partnership, limited liability company (LLC) or other entity or individual that is principally engaged in the production of the “qualified motion picture” and that controls the film or television program during pre-production, production and post-production. The applicant is the qualified taxpayer that upon final approval will receive the tax credit certificate.</p> <p>A “qualified motion picture” is one which films either 75% of its principal photography days entirely in California, or spends 75% of its total budget in California. Additionally, it must meet the specified film formats mentioned below.</p>
What are the eligible film formats	<p><u>For 20% Tax Credit (non-independent productions)</u></p> <ul style="list-style-type: none"> ▶ Feature films (minimum 75 mins) ▶ Movies-of-the-week and miniseries ▶ New television series (minimum 60 mins) ▶ TV pilots <p><u>For 25% Tax Credit</u></p> <ul style="list-style-type: none"> ▶ Television series that filmed their prior season outside California. ▶ Independent films <p>The scheme also mentions ineligible formats.</p>
What are the conditions in relation to expenditures	<ul style="list-style-type: none"> ▶ Feature Films: Minimum US\$1 million. No maximum limit has been prescribed; however, the tax credit will apply only to the first US\$100 million qualified expenditure. ▶ Movies-of-the-week and miniseries: Minimum US\$0.5 million ▶ New television series: Minimum US\$1 million per episode ▶ TV pilots: Minimum US\$1 million ▶ Television series that filmed their prior season outside California: Minimum US\$1 million ▶ Independent films: Minimum US\$1 million. No maximum limit has been prescribed; however, the tax credit will apply only to the first US\$10 million qualified expenditure. Furthermore the project should be produced by a non-publicly traded company and publicly traded company should not own more than 25% share in the production company, in order to transfer the credit. ▶ “Qualified Expenditures” are the portion of production expenditures that are incurred in the state of California, and can include crew and staff salaries, wages and fringe benefits; cost of rental of facilities and equipment; production operation costs such as construction, wardrobe, food, lodging and lab processing. Qualified wages include payments to “Qualified Entities,” such as Loan Out Corporations. Furthermore, all services must be performed in California.
What are conditions in relation to content/culture	Approved applications must provide an on-screen acknowledgement in this exact wording to: “The State of California and the CALIFORNIA FILM COMMISSION,

What is the procedure to apply for the scheme

- ▶ Applications for Credit Allocation letter along with relevant documentation (budget, shooting schedule, script, synopsis, and proof of finance) must be submitted at least thirty (30) calendar days prior to the start of principal photography. *Any expenditures incurred for services, wages, or goods (whether paid or not) prior to the issuance of the Credit Allocation Letter will not qualify for credits.*
“Credit Allocation Letter” is the document issued by the California Film Commission reserving an amount of tax credits to an applicant having a “qualified motion picture” based on an estimate of “qualified expenditures”
- ▶ Pursuant to receipt of Credit Allocation Letter, the applicant is required to submit the documents via email
 - ▶ Call sheet signed by the Unit Production Manager (UPM) on the first day of principal photography
 - ▶ Final Production Report for each day of principal photography signed by the UPM (Option is available to submit on a weekly basis during principal photography)
- ▶ Thereafter, pursuant to completion of principal photography, the following documents should be submitted by the applicant
 - ▶ Expenditure Report Summary
 - ▶ Copyright Certificate evidencing registration of the screenplay or teleplay or motion picture, television series or television movie. The copyright holder may be the qualified taxpayer, its affiliate, or an unaffiliated company for which the qualified applicant is producing the motion picture
 - ▶ Agreed Upon Procedures Report
 - ▶ Other specified documents
- ▶ Post submissions of the above documents, California Film Commission shall undertake review of the documents and provide the “Tax Credit Certificate”

General timelines

- ▶ Credit Allocation Letter is generally issued within 20 business days from the receipt of complete application.
- ▶ Principal photography must commence no later than 180 days after the Credit Allocation Letter is issued. If the production does not begin filming prior to the 180-day deadline, the tax credit allocation will be revoked.

Useful Contacts

California Film Commission
7080 Hollywood Blvd., Suite 900
Hollywood, CA 90028
(323) 860-2960 x110
E-Mail: incentiveprogram@film.ca.gov
Website: www.film.ca.gov

Visa requirements

Foreign producers must apply for an O-1 Visa with the US Citizenship and Immigration Service.



Summary of eligible expenditures

Particulars	Australia	Malaysia	Italy	Spain	
Above the Line					
Cast (Main Leads & Supporting)	✓	✓			
Director Fee		✓			
Story (Development and acquisition)					
Main Technician Fee		✓			
Songs and Background music					
Below the Line					
Production					
Production and direction team	✓	✓	✓	✓	
Setting and Dressing - Art	✓	✓	✓	✓	
Costumes and Styling	✓	✓	✓	✓	
Make Up and Hair Styling	✓	✓	✓	✓	
Locations / Studios & Permission	✓	✓	✓	✓	
Equipment / Supplies	✓	✓	✓	✓	
Transportation	✓	✓	✓	✓	
Wages	✓	✓	✓	✓	
Food and beverage	✓	✓	✓	✓	
Junior Artists / Models / Dancers	✓	✓	✓	✓	
Choreography	✓	✓	✓	✓	
Stunt	✓	✓	✓	✓	
Accommodation	✓	✓	✓	✓	
International Travel	✓	✓	✓		
Raw Stock (Film Reel)	✓	✓	✓	✓	

	Ireland	UK	SA	Mauritius	Abu Dhabi	Ontario	California
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Key considerations

The process of film-making involves several inter-connected processes – right from script development to final screening before the audience. In the said process, various aspects and factors need careful consideration. It will be relevant to note that the current guide delves only into particular aspects of film-making outside India (i.e., financial incentives for film-making) and hence, a film-maker should take into account key considerations in order to make a conclusive decision for selection of a location for film-making. We have provided few key considerations, which the present guide does not address but needs careful evaluation.

- ▶ **Requirement of the script:** Generally, the script for a film is a driving factor for major decisions related to the film. It is well known that a script may demand a particular location. Accordingly, based on the demand, locations in different countries may be shortlisted. The guide seeks to provide the film-maker means to select a particular location among the shortlisted locations based on financial incentives offered in different countries.
- ▶ **Cost of shooting in a particular country outside India:** One of the important aspects of film-making is the cost of shooting in a particular country. Generally, the intention of the production incentives offered by other countries is to reduce the costs of production so that the gap between production cost incurred in producer's home country and overseas country is reduced. It is possible that a country may not offer any incentives; however, the cost of shooting in the said country may be considerably low vis-à-vis producer's home country. Thus, some of the important factors that should be considered before making a choice from cost of production point of view include:
 - ▶ Strength of the currency and exchange rate fluctuations
 - ▶ Cost of hiring and minimum wages for labor and talent
 - ▶ Equipment hiring charges
 - ▶ Charges for hiring film studio premises
 - ▶ Lodging and boarding (i.e., accommodation and travel)
 - ▶ Insurance and legal expenses
- ▶ **Ease of film shooting:** Typically, film-makers are assisted by film commission/film office existing in a particular country. This involves assistance in obtaining film shooting permits under a single-roof, provision of safety and undertaking security measures, etc. Accordingly, a film-maker must understand how established a film commission/film office is and the nature of support extended by such film commission/film office in a particular country. Furthermore, where a film commission/film office is not in place, a film-maker must evaluate whether there exists a single-window clearance system for obtaining film shooting permits. Additionally, safety and security concerns must also be evaluated.
- ▶ **Ease of import and export of equipment:** Film shooting in a country outside India may involve export of camera and other equipment from India. In this regard, a film-maker must take into account the ease of import procedures in a particular country. Furthermore, consideration may also be made to the provisions of ATA Carnet. ATA Carnet is an international Uniform Customs document issued in 71 countries including India. The ATA Carnet permits duty free temporary admission of goods into a member country without the need to raise customs bond, payment of duty and fulfillment of other customs formalities in one or a number of foreign countries.
- ▶ **Availability and experience of line producer:** Engaging the right line production company is crucial to the film-making process. Accordingly, factors such as experience of a particular line producer, whether the line producer is recommended by the film commission / film office should also be taken into consideration by a film-maker.
- ▶ **Taxation laws:** It would be relevant to analyze the tax laws before selecting a particular country for film-making. This includes consideration of the prevalent Value Added Tax / Goods & Services Tax rate in the country. Furthermore, regard should also be given to the withholding tax provisions applicable according to the domestic law in the country as well as tax treaties while making payments to line producers, professional talent, etc.
- ▶ **Other laws:** Other important laws prevalent in a particular country such as labor laws, intellectual property laws, etc., must be understood.
- ▶ **Co-production treaties:** Various countries have inked co-production treaties with India to promote film-making in the respective countries. Benefits are available to the participating entities under such co-production treaties. Accordingly, the benefits of co-production should also be analyzed by a film-maker.



EY offices

Ahmedabad

2nd floor, Shivalik Ishaan
Near C.N. Vidhyalaya
Ambawadi
Ahmedabad - 380 015
Tel: + 91 79 6608 3800
Fax: + 91 79 6608 3900

Bengaluru

12th & 13th floor
UB City, Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 4027 5000
+ 91 80 6727 5000
Fax: + 91 80 2210 6000 (12th floor)
+ 91 80 2224 0695 (13th floor)

1st Floor, Prestige Emerald
No. 4, Madras Bank Road
Lavelle Road Junction
Bengaluru - 560 001
Tel: + 91 80 6727 5000
Fax: + 91 80 2222 4112

Chandigarh

1st Floor, SCO: 166-167
Sector 9-C, Madhya Marg
Chandigarh - 160 009
Tel: + 91 172 671 7800
Fax: + 91 172 671 7888

Chennai

Tidel Park, 6th & 7th Floor
A Block (Module 601,701-702)
No.4, Rajiv Gandhi Salai, Taramani
Chennai - 600113
Tel: + 91 44 6654 8100
Fax: + 91 44 2254 0120

Hyderabad

Oval Office, 18, iLabs Centre
HITECH City, Madhapur
Hyderabad - 500081
Tel: + 91 40 6736 2000
Fax: + 91 40 6736 2200

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682304
Tel: + 91 484 304 4000
Fax: + 91 484 270 5393

Kolkata

22 Camac Street
3rd floor, Block C
Kolkata - 700 016
Tel: + 91 33 6615 3400
Fax: + 91 33 2281 7750

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400028
Tel: + 91 22 6192 0000
Fax: + 91 22 6192 1000

5th Floor, Block B-2
Nirlon Knowledge Park
Off Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000
Fax: + 91 22 6192 3000

NCR

Golf View Corporate Tower B
Near DLF Golf Course
Sector 42
Gurgaon - 122002
Tel: + 91 124 464 4000
Fax: + 91 124 464 4050

6th floor, HT House
18-20 Kasturba Gandhi Marg
New Delhi - 110 001
Tel: + 91 11 4363 3000
Fax: + 91 11 4363 3200

4th & 5th Floor, Plot No 2B, Tower 2,
Sector 126,
NOIDA 201 304
Gautam Budh Nagar, U.P. India
Tel: + 91 120 671 7000
Fax: + 91 120 671 7171

Pune

C-401, 4th floor
Panchshil Tech Park
Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 6603 6000
Fax: + 91 20 6601 5900

For more information, please contact:

Uday Pimprikar

Partner, Tax & Regulatory Services
Direct: +91 22 6192 0190
Email: uday.pimprikar@in.ey.com

Utkarsh Sanghvi

Director, Tax & Regulatory Services
Direct: +91 22 6192 2086
Email: utkarsh.sanghvi@in.ey.com

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AD

The Film & Television Producers Guild of India Ltd.

GUILD - Enhancing the value of Cinematic Arts- The Film & Television Producers Guild of India Limited is an autonomous non-profit premier film trade body comprising of industry stakeholders, is to be a principal negotiator with the Government on various critical issues, plays a leading role in promoting film tourism through alliances with the global locations, resolving intra and external trade disputes of the industry, liaising with foreign delegations to provide international exposure for its members, arranging conclaves for the benefit of members.

Established in 1954 by the stalwarts of the Indian film industry including B.N. Sircar, S. Mukherjee, The Film & TV Producers Guild is today the most progressive body in show business.

From renowned film makers/production houses like Yashraj films, Ramesh Sippy, Mukesh Bhatt, Subhash Ghai, Vidhu Vinod Chopra, Rakesh Roshan, AB Corp, Prakash Jha, Eros entertainment, Excel Entertainment ; to the young brigade of Aditya Chopra, Karan Johar, Ashutosh Gowariker, Farhan Akhtar, Raj Kumar Hirani, Kunal Kohli, Rohan Sippy, Ritesh Batra, Guneet Monga etc. to stars turned producers like Aamir Khan, Salman Khan, Shah Rukh Khan, Anil Kapoor, Anupam Kher, Anushka Sharma; to new diversified media companies like Disney -UTV, Reliance Entertainment, Balaji telefilms, PVR, Viacom 18, Fox Star Studios; to the film makers of international stature from the East and South such as Mrinal Sen, Goutam Ghose, D. Suresh Babu, etc., to leading TV production houses like Star TV, Colors, Sony TV - all are symbols of the Indian filmed content.

Over the years, the Guild has also been instrumental in organizing fund raisers such as 'Saath Hain Hum - Uttarakhand' and ' Hum Hain... Ummeed-E-Kashmir' in aid of victims and seminars & conventions with influential trade bodies like FICCI and CII. Also, the Guild has instituted STAR Guild Awards for excellence in film and television - an award by the industry, for the industry and of the industry.