

Pursuant to Article 123 of the Constitution of the Republic of Serbia, Article 42, paragraph 1 of the Law on Government ("Official Gazette of RS", No 55/05, 71/05 – corrigendum, 101/07, 65/08, 68/12 – CC, 72/12, 7/14 – CC and 44/1) and Article 7 of the Law on the 2015 Budget of the Republic of Serbia ("Official Gazette of RS", No 142/14),

the Government shall pass the following

## **REGULATION ON INCENTIVES TO INVESTORS TO PRODUCE AUDIOVISUAL WORKS IN THE REPUBLIC OF SERBIA**

### **I INTRODUCTORY PROVISIONS**

#### **Article 1**

This regulation shall govern the conditions and manner of allocating incentives to an investor producing an audiovisual work in the Republic of Serbia, and for the purpose of encouraging economic activities pertaining to the audiovisual production in the Republic of Serbia, through increased employment in audiovisual production, as well as through promotion of the potentials of the Republic of Serbia concerning this area of interest, that is to say concerning its infrastructural, productive and service activities.

#### **Article 2**

Certain terms within the meaning of this regulation shall have the following meaning:

- 1) investor shall mean a legal or natural person for the benefit of whom or with the funds of whose production of an audiovisual work is being financed;
- 2) production budget shall mean the total amount of funds intended for production of a film or an audiovisual work, starting from the shooting preparations until the moment when the zero and/or digital copy is ready for distribution, broadcasting and presenting to general audience and which does not include distribution and marketing costs;
- 3) qualified and acceptable costs shall mean the costs spent in the territory of the Republic of Serbia which are being approved as the costs spent for the purpose of producing an audiovisual work in the territory of the Republic of Serbia, and based on the statement of an authorised audit company.

#### **Article 3**

Incentives shall be allocated as grants in accordance with this regulation, through refunding a segment of qualified costs realised in the Republic of Serbia.

Incentives shall be allocated in the amount of 20% of qualified spend made by the investor in the Republic of Serbia.

## **II CONDITIONS FOR REALISING THE RIGHT TO RECEIVING INCENTIVES**

### **Article 4**

The condition that the investor is to meet for the purpose of realising the right to receiving incentives shall be to designate funds intended for realising a project in the Republic of Serbia for the purpose of producing an audiovisual work, in the amount exceeding minimum funds required for the specified format:

- 1) in terms of a feature film, TV film and TV series: 300,000.00 EUR;
- 2) in terms of an animated film, audio and/or visual coproduction of an audiovisual work: 150,000.00 EUR;
- 3) in terms of a special-purpose film: 100,000.00 EUR;
- 4) in terms of a documentary film: 50,000.00 EUR.

The right to receiving incentives may be realised for producing the following:

- 1) a feature film, TV film, feature-length documentary film and animated film intended for broadcasting, that last at least 70 minutes;
- 2) TV series containing at least three episodes not shorter than 40 minutes;
- 3) documentary programme not shorter than 40 minutes.

### **Article 5**

The right to incentives referred to in Article 1 of this Regulation shall not be entitled to the investors who:

- 1) have a bankruptcy procedure, liquidation or reorganisation procedure initiated against them;
- 2) have matured but outstanding tax liabilities in the Republic of Serbia including other financial obligations towards the Republic of Serbia.

### **Article 6**

The investor is entitled to ask for incentives for an audiovisual work:

- 1) which does not involve such content that is immoral, contrary to public order and public interest of the Republic of Serbia, which does not discredit the Republic of Serbia, promote breaching of human rights or hate speech;
- 2) which is in the form of a feature-length motion picture, documentary, animated film, TV film or TV series.

## **Article 7**

Incentives shall be allocated based on the permanently open tender for providing incentives that is announced by the ministry competent for economic affairs (hereinafter: the Ministry).

## **Article 8**

In terms of the current year, the tender shall be closed on September 30. Requests received after this date shall be considered as requests concerning the following budget year.

## **Article 9**

Request for receiving incentives shall be submitted by an investor to the Commission for Allocating Incentives (hereinafter: the Commission) based on the tender, along with the following accompanying documentation:

- 1) filled out form;
- 2) synopsis and scenario of the audiovisual work;
- 3) list of the relevant crew members working on producing an audiovisual work (director, actors, etc.);
- 4) production budget overview, with the overview of the budget segment intended for production in the Republic of Serbia expressed in dinars;
- 5) statement that the audiovisual work meets the conditions referred to in Article 4 of this Regulation;
- 6) production calendar of the audiovisual work in the Republic of Serbia;
- 7) shooting schedule of the audiovisual work in the Republic of Serbia;
- 8) evidence that none of the reasons referred to in Article 5 of this Regulation is met (PA certificate and Certification from the BRA);
- 9) other data and documentation envisioned by the tender.

The request and the accompanying documentation shall be delivered in Serbian or a foreign language with the attached certified translation into Serbian.

The investor shall be obliged to prove that on the day of submitting the request, at least 30% of the funds planned for audiovisual work's production costs in the Republic of Serbia is being provided.

## **Article 10**

The Commission shall evaluate all of the received requests and it shall determine whether the investor or the audiovisual work meet the conditions set for providing incentives within

seven days from submitting the requests. The Commission shall also pass a decision in order to determine if all of the conditions required for providing incentives are being met.

In case all of the required documentation envisioned by Article 9 of this Regulation is not submitted along with the request, the Commission shall act in accordance with the provisions of the law governing the general administrative procedure, regulating the method of dealing with the incomplete requests.

### **III COMMISSION MEMBERS AND ITS SETTING UP**

#### **Article 11**

The Government shall establish a Commission including the President of the Commission and four members, being the following: representative of the ministry competent for economic affairs who is concurrently the President of the Commission and representatives of the ministries competent for cultural affairs, financial affairs, Chamber of Commerce of Serbia – Group for Cinematography and Serbian Film Centre, respectively.

Term of office of the Commission shall be two years.

The Commission members may also have their deputies if they are temporarily being unable to participate in the operation of the Commission.

A Commission member shall not be in the conflict of interest, by which the following is considered:

1) the member shall not participate in the consideration and decision-making on the application concerning the work whose investor or associate is involved in the production;

2) the member shall not be involved in the proprietary or managing structure of the legal entity which is submitting the request nor may he/she be employed at the legal entity in question.

The Commission member who is in the conflict of interest in accordance with paragraph 4 of this Article, shall immediately notify the Commission on this matter and he/she shall be exempt from further consideration and decision-making concerning the request.

The Rules of Procedure shall govern the operation manner and decision-making of the Commission.

Serbian Film Centre shall perform administrative and technical affairs concerning the purposes of the Commission.

#### **Article 12**

After the Commission determines that the request applicant has met the conditions, it shall propose to the Ministry to pass a decision on completing the qualifying conditions for receiving incentives.

The Ministry shall sign a contract on providing incentives, along with the request applicant referred to in paragraph 1 of this Article, provided that the funds in the budget of the Republic of Serbia intended for such purposes have been ensured.

The contract shall define in more details the deadlines, rights and obligations of the signatory parties.

Documentation submitted along with the application shall be considered as an integral part of the contract, in accordance with Article 9 of this Regulation.

### **Article 13**

The investor shall be obliged to respect the date referred to in the shooting agenda and calendar. The investor is to inform the Commission on any deviations from the submitted shooting agenda and calendar within seven days. In case there is a deviation exceeding 30 days, the contract referred to in Article 12 of this Regulation shall be considered as cancelled, and the investor may repeat submitting the request for receiving incentives.

In the course of shooting, the investor shall be obliged to submit to the Commission, once a week, on the last day of the week, the following:

- 1) Call sheets for the previous week;
- 2) daily production reports for the previous week.

### **Article 14**

The Ministry shall pay the approved amount of incentives, provided that all of the obligations envisioned by the contract referred to in Article 12 of this Regulation, are being met.

## **IV DISBURSEMENT OF INCENTIVES**

### **Article 15**

The investor shall submit to the Commission the request for disbursing incentives within 45 days after completing the production of the audiovisual work in the territory of the Republic of Serbia.

### **Article 16**

Request for disbursing incentives shall be submitted in the form the content of which shall be prescribed by the minister competent for economic affairs, and alongside with it the following documentation shall also be submitted:

- 1) certificate from the Business Registers Agency or another competent register;

- 2) statement of an independent authorised auditor on the production costs of the audiovisual work in the Republic of Serbia and on the business affairs of the investor related to the specified audiovisual work being the subject of the request;
- 3) entire records on the production costs or main register for qualified costs;
- 4) evidence proving that the stated costs (invoices, contracts and certificates from the commercial bank with the indication on the performed disbursement, etc.);
- 5) list of film and acting crew;
- 6) evidence on the overall spent funds in the territory of the Republic of Serbia, in accordance with the positive regulations of the Republic of Serbia;
- 7) certified statement of the investor that the data included in the documentation is authentic;
- 8) bank account of the investor, which is opened in the Republic of Serbia, to which incentives should be paid.

### **Article 17**

As qualified (acceptable) costs the following shall be recognised:

- 1) costs pertaining to producing an audiovisual work that have occurred and that have been disbursed to legal or natural entities in the territory of the Republic of Serbia, and which are related to purchased goods and provided services, use of locations, royalties payoff to the crew members who are residents of the Republic of Serbia or to foreigners who are residing for at least a year in the territory of the Republic of Serbia, in accordance with the regulations of the Republic of Serbia;
- 2) incurred costs pertaining to the use of goods, that is leasing of movables and immovables may be recognised only if the goods, and/or movables and immovables, are being property of legal or natural entities, in the territory of the Republic of Serbia.

Costs that are specifically not being recognised as incurred qualified costs pertaining to production of an audiovisual work shall be the following: marketing costs, costs related to the real estate purchase, distribution costs and costs of paid value added tax in terms of which the refunding has already been conducted or the process in question is ongoing based on the law governing the value added tax.

Types and content of explained qualified costs, as well as unqualified costs shall be prescribed in more details by the minister competent for economic affairs.

### **Article 18**

Incentives shall be disbursed to the bank account of the investor – request applicant to the special purpose account at the Treasury Administration.

Incentives shall be disbursed within 60 days from the final decision.

## **Article 19**

An audiovisual work that has obtained incentive referred to in this Regulation shall include information on a prominent place claiming that the Republic of Serbia has financially supported production of the subject matter audiovisual work, in all versions and copies and also upon presenting it in various markets.

## **Article 20**

This Regulation shall enter into force on the eighth day after its publication in the "Official Gazette of the Republic of Serbia".

05 No: 110-8424/2015-1

In Belgrade, August 13, 2015

## **THE GOVERNMENT**

Transcript accuracy certified by

**DEPUTY SECRETARY**

**GENERAL**

(illegible signature)

Tamara Stojcevic

**PRIME MINISTER**

Aleksandar Vucic, sgd.