

On the basis of Article 7 of the Regulation on Investor Incentives for the production of audiovisual works in the Republic of Serbia ("Official gazette of RS" no. 10/18, hereinafter: **Regulation**),

THE REPUBLIC OF SERBIA
MINISTRY OF ECONOMY
announces the permanently open

**PUBLIC CALL FOR AWARDING INCENTIVES TO THE INVESTOR WHO IS PRODUCING AN AUDIOVIUSAL
WORK IN THE REPUBLIC OF SERBIA**

Incentives to the investor who is producing an audiovisual work in the Republic of Serbia are awarded for the purpose of encouraging activities related to the audiovisual production in the Republic of Serbia, through increased employment in audiovisual production, as well as promoting the potential of the Republic of Serbia in the industry, i.e. its infrastructure, production and services industries.

I AMOUNT OF INCENTIVIES

Incentives are allocated to the Investor as non-refundable, by reimbursing part of the eligible costs incurred in the Republic of Serbia.

Incentives are allocated in the amount of 25% of eligible costs, all in accordance with the independent auditor's report on the production costs of the audiovisual work in the Republic of Serbia.

In accordance with this Regulation, the authorities and organizations of the Republic of Serbia, i.e. bodies and departments of local authorities, public companies, funds and directorates, as well as institutions established by the Republic of Serbia and/or local authorities, do not have the right to award incentives.

In the event the Republic of Serbia, autonomous province and unit of local self-government, through the competent authorities, and the legal entity that manages and/or disposes of public funds, has granted state aid for the production of an audiovisual work in any form, the total amount of state aid and incentives awarded under this Regulation may not exceed 50% of the production budget, i.e. 50% of the total amount of funds intended for the production of an audiovisual work in the Republic of Serbia.

Incentives allocated for a special-purpose film are awarded in the amount of 25% of eligible costs, provided that the total amount of approved funds awarded over three consecutive fiscal years does not exceed the prescribed maximum amount of state aid of small value (*de minimis* state aid) in accordance with the regulations governing the rules for granting state aid.

The following are recognized as qualified (eligible) costs:

1) costs related to the production of the audiovisual work that have been incurred and paid to legal or natural persons in the territory of the Republic of Serbia in connection with the goods procured and services provided, use of locations, payment of fees to members of the team who are citizens of the Republic of Serbia or foreigners who have a stay of at least one year in the territory of the Republic of Serbia, in accordance with the regulations of the Republic of Serbia;

2) costs incurred in connection with the use of goods or the renting of movable and immovable property can only be recognized if the goods or movable and immovable property are owned by legal or natural persons from the territory of the Republic of Serbia.

Costs that are specifically not recognized as eligible costs incurred in connection with the production of audiovisual works are: marketing costs, costs related to the purchase of real estate, distribution costs and costs of value added tax.

The types and contents of the explanation of eligible, as well as non-eligible costs and forms of the application for awarding and payment of incentives, are specified in more detail by the Minister in charge of economic affairs.

II USER OF INCENTIVIES

The user of incentives may be a legal or natural person for whose account and whose funds are used to finance, i.e. co/finance the production of an audiovisual work in the Republic of Serbia (hereinafter: the Investor).

The applicant for the awarding and payment of incentives is the Investor or a domestic legal or natural person who produces an audiovisual work on behalf of the Investor in the Republic of Serbia.

The right to incentives is unavailable to an Investor, i.e. Applicant:

1) against whom a previous bankruptcy proceeding, reorganization or liquidation has been initiated, in accordance with the regulations governing bankruptcy and liquidation;

2) who has matured and outstanding obligations on the basis of public revenues in the Republic of Serbia and other financial obligations towards the Republic of Serbia.

III AUDIOVISUAL WORK WHOSE PRODUCTION ENTITLES THE AWARDING OF INCENTIVES

The right to incentives can be achieved for the production of:

- 1) a feature film, TV film, feature-length documentary film and feature-length animated film that last at least 70 minutes;
- 2) a TV series of at least three episodes lasting a total of at least 120 minutes;
- 3) a documentary TV program lasting at least 40 minutes.

Incentives can be awarded for an audiovisual work:

- 1) that does not have content contrary to the moral, public order and public interest of the Republic of Serbia, does not violate the reputation of the Republic of Serbia, does not promote violation of human rights and hate speech;
- 2) which is in the format of a feature film, TV film, TV series, feature animated film, audio and/or visual post-production of an audiovisual work, special-purpose film, feature-length documentary films and documentaries;
- 3) whose production has commenced or whose production continues during the budget year in which the request for incentives is submitted.

IV CONDITIONS FOR PARTICIPATION IN THE AWARDING OF INCENTIVES

The conditions that the Investor must fulfill in order to exercise the right to be awarded incentives is to, for the purpose of producing an audiovisual work, allocate funds in the production budget for realization of the project in the Republic of Serbia, in an amount greater than the minimum funds for a specific format:

- 1) for a feature film and TV film: 300,000.00 EUR;
- 2) for a TV series: 300,000.00 EUR, provided the amount of funds intended for realization per episode may not be less than 100,000.00 EUR;
- 3) for an animated film, audio and/or visual post-production of an audiovisual work: 150,000.00 EUR;
- 4) for a special-purpose film: 100,000.00 EUR;
- 5) for a documentary film and documentary TV program: 50,000.00 EUR.

V APPLICATION FOR AWARDING OF INCENTIVES

The application for awarding of incentives shall be submitted to the Committee for Awarding Incentives (hereinafter: **Committee**) through Film Centre Serbia, in the prescribed form, accompanied by the following documentation:

- 1) filled out prescribed application form for the awarding of incentive funds to an investor who produces the audiovisual work in the Republic of Serbia;
- 2) synopsis and script of the audiovisual work, or only synopsis when it's a postproduction;
- 3) list of the important members of the team for the production of an audiovisual work (director, actors, etc.);
- 4) presentation of the production budget, showing the part of the budget for production in the Republic of Serbia expressed in dinars;
- 5) statement that the audiovisual work meets the requirements of Article 4 of this Regulation;
- 6) calendar of production of the audiovisual work in the Republic of Serbia;
- 7) shooting plan for the audiovisual work in the Republic of Serbia;
- 8) evidence that there are no grounds for refusal under Article 5 of this Regulation (Certificate of the Tax Administration, Business Registers Agency or any other competent register);
- 9) statement on the start of production of the audiovisual work in the Republic of Serbia;
- 10) statement as to whether *de minimis* aid has been received for the costs referred to in Article 2, item 3) of this Regulation, or for any other expenses in the current fiscal year and in the previous two fiscal years, or a statement whether the same project received state aid from any level of government and on what basis;
- 11) agreement based on which the audiovisual work is being produced in the Republic of Serbia in the name and on behalf of the Investor, concluded between the Investor and the Applicant, provided that the Applicant is a domestic legal or natural person who produces the audiovisual work in the Republic of Serbia on behalf of the Investor;
- 12) certified statement that the data in the documents are accurate and true.

If the agreement referred to in item 11 of this Article does not stipulate the obligation of the Applicant to transfer the incentives to the Investor, the Applicant is obliged to submit another valid proof that the paid incentives will accrue to the Investor.

The application and accompanying documents are submitted in the Serbian language or in a foreign language with a certified translation into the Serbian language.

The Applicant is obliged to prove that, on the day of submitting the application, at least 30% of the funds envisaged for the cost of production of the audiovisual work in the Republic of Serbia are provided.

At the request of the Committee, the Applicant is obliged to submit other information and documentation of relevance for the awarding of incentives.

VI AGREEMENT ON AWARDING INCENTIVES

The Ministry signs the Agreement on Awarding Incentives (hereinafter: the Agreement) with the Applicant, within the scope of funds planned for these purposes by the Budget Law of the Republic of Serbia for the current budget year and in accordance with the provisions of the Law on the Budget System ("Official gazette of the Republic of Serbia", no. 54/09, 73/10, 101/10, 101/11, 93/12, 62/13, 63/13 - correction, 108/13, 142/14, 68/15 - other law, 103/15 , 99/16 and 113/17), in the part governing the responsibility for taking over obligations.

The Agreement specifies the deadlines, rights and obligations of the parties.

The documentation attached to the application, in accordance with Articles 10 and 16 of this Regulation, shall be considered an integral part of the Agreement.

The Agreement shall be deemed terminated in the following cases:

- if there has been a deviation from the submitted shooting plan and calendar for more than 30 days or any other significant deviation in the realization of the audiovisual work;
- if the Committee, during the procedure of reviewing the application for payment of incentives, determines that all the prescribed conditions have not been met;
- if provided for by written agreement of the parties before expiration of the agreed deadline;
- due to an objective inability to execute contractual obligations (force majeure, administrative measures, etc.) occurring on the side of one or both parties;
- if bankruptcy, liquidation or reorganization procedures are initiated against the Investor or the Applicant.

The Ministry shall pay the approved amount of incentives if all the obligations provided for by this Regulation and the Agreement have been fulfilled.

VII. APPLICATION FOR PAYMENT OF INCENTIVES

The application for payment of incentives shall be submitted to the Committee within 45 days after completion of the production of the audiovisual work in the territory of the Republic of Serbia.

Requests for the payment of incentives received after the September 30th shall be deemed to be requests for the following budget year.

The application for payment of incentives shall be submitted to the Committee through Film Centre Serbia, in the prescribed form, accompanied by the following documentation:

1) an extract from the register maintained by the Business Registers Agency or any other competent register;

2) an independent auditor's report on the cost of production of the audiovisual work in the Republic of Serbia and the operations of the Investor, made for the purpose of submitting the application for payment of incentives in accordance with this Regulation and the Rulebook, and which is compiled on the basis of the complete record of production costs and total funds spent on the territory of the Republic of Serbia, as well as the evidence confirming these costs (invoices, contracts, bank statements from commercial banks with indication of payment made, etc.). **The audit report is prepared on the basis of verification of all eligible costs and cannot be based on the sampling method, i.e. review only of certain documents;**

3) number of special purpose account with the Treasury Department to which payment of incentives is to be made;

4) a certified statement that the production of the audiovisual work in the Republic of Serbia has been completed, and that the conditions prescribed by Article 20 of this Regulation have been fulfilled;

5) a certified statement that the data in the documents is correct and true.

The independent auditor's report shall determine the amount of costs that qualify for the incentive.

At the request of the Committee, the Applicant is obliged to submit other data and documentation relevant to the payment of incentives.

VIII SUBMITTING THE APPLICATION FOR AWARDING AND THE APPLICATION FOR PAYMENT OF INCENTIVES

The application for awarding and the application for payment of incentives made on prescribed forms 1 and 2, as well as supporting documents, are delivered in the Serbian language or a foreign language with a certified Serbian translation, to the address:

FILM CENTRE SERBIA, Koce Popovica Street no. 9/III, 11000 Belgrade

Supporting documentation must also be delivered in CD or DVD format.

IX ADDITIONAL INFORMATION

The required documentation can be downloaded on the websites of the Ministry: www.privreda.gov.rs and Film Centre Serbia www.fcs.rs: Regulation on Investor Incentive for the production of audiovisual works in the Republic of Serbia, Rulebook on the types and content of rationale for eligible and non-eligible costs and the form of application for payment of incentives to the investor who is producing an audiovisual work in the Republic of Serbia, as well as Form number 1 and Form number 2 which define in more detail all important elements and rules of participation in this Public call.

Information necessary for participation in the public call may be obtained at the

Film Centre Serbia: 011/26 25 13