



MINISTERIAL DECREES, RESOLUTIONS AND ORDERS

**MINISTRY OF CULTURAL HERITAGE AND
ACTIVITIES
AND TOURISM**

DECREE 5 February 2015.

**Implementing provisions to extend attribution of
tax credit for film activities to the independent
producers of audiovisual works.**

THE MINISTER OF CULTURAL HERITAGE AND
ACTIVITIES AND TOURISM

IN AGREEMENT WITH THE

MINISTER OF THE ECONOMY
AND FINANCE

Having considered art. 8, paragraph 2, of decree-law 91, 8 August 2013, containing «Urgent provisions for the protection, valorisation and re-launching of cultural heritage, activities and tourism», converted, with amendments, by law no 112, 7 October 2013, hereinafter «decree-law», establishing that, as of 1 January 2014, provisions related to tax credits for film activities in compliance with law no. 244, 24 December 2007 and subsequent amendments be extended to the independent producers of audiovisual works, as set forth in paragraph 5 of that article;

Having considered paragraph 4 of said art. 8, stating that relative implementing provisions and those defining maximum expense limits to be assigned to the aforementioned tax facilitations, considering the global maximum set forth in paragraph 3 of the same article, be established by ministerial decree ;

Having considered Presidential decree no. 917, 22 December 1986, bearing the Consolidation Income Tax Act and, more specifically articles 61 and 109, relating to components of business income;

Having considered legislative decree no. 241, 9 July 1997, bearing rules simplifying taxpayer tax return obligations on value added tax, and modernisation of the tax return management system, in particular art. 17, concerning compensation of tax credits;

Having considered Council regulation (EC) 659/1999, 22 March 1999, bearing application methods of art. 108 of the Treaty on the Functioning of the European Union and, more specifically, art. 14, related to recovery of illegal aid;

Having considered law no. 311, 30 December 2004, bearing provisions for drafting the annual and multi-year State budget (budget law 2005) and, in particular, paragraphs from 421 to 423 of art. 1, concerning the recovery of credits used improperly;

Having considered the Ministry for Cultural Heritage and Activities decree of 7 May 2009, bearing rules of application of

tax credits granted to film production companies related to film works produced, pursuant to law 244/2007;

Having considered decree-law no. 40, 25 March 2010, bearing urgent tax and financial provisions to strengthen and rationalise tax collection also to comply with Community laws, converted, with amendments, by law no. 73, 22 May 2010, in particular, art. 1, paragraph 6, regarding recovery procedures in case of illegal use of tax credits;

Having considered legislative decree no. 177, 31 July 2005 and subsequent amendments, bearing the «Consolidated Act on Audiovisual and Radio Media Services» and subsequent amendments, hereinafter: «TUSMA»;

Having considered the communication of the European Commission on State aid to cinema and audiovisuals of 15 November 2013;

Having consulted the Ministry for Economic Development;

Having considered the final authorisation decision no. C(2014) 9291 of 3 December 2014 of the European Commission;

ADOPTS
the following decree:

Chapter I

SUBJECT, DEFINITIONS AND REQUIREMENTS

Art. 1.
Subject

1. From 1 January 2014, tax credits pursuant to art. 1, paragraphs from 325 to 328 and from 330 to 337, of law no. 244, 24 December 2007, and subsequent amendments are extended, under conditions and with methods of use set forth in this decree, to the independent producers of audiovisual works, as set forth in the following art. 2, paragraph 1, letter g).

2. From 1 January 2014, taking into account the annual total spending limit set forth by art. 8 of the decree-law, tax credits for the independent producers of audiovisual works are assigned a maximum amount of resources per annum of 39% of that aforementioned spending limit. Audiovisual works intended for the public on electronic transmission networks in compliance with art. 21, paragraph *1-bis*, of the TUSMA, through an audiovisual media service provider on other media, as set forth in art. 2, paragraph 1, letter *d*) of this decree, are assigned an annual amount of 2% of the total annual spending limit. The Minister for Cultural Heritage and Activities and Tourism, by decree adopted in accordance with the Minister of Economy and Finance, may adapt, also with reference to the financial year in progress, the percentages indicated in this paragraph following audits on the effective use of resources available.

Art. 2
Definitions

1. For the purposes of this decree:

a) an «audiovisual work» is the recording of images in movement, not necessarily accompanied by sound, on any media, with narrative, documentary or animation contents, protected by current copyright legislation, intended for the public by the holder of exploitation rights;

b) an «audiovisual work of Italian nationality» is an audiovisual work which has the requirements set forth in articles 4 and 5 below of this decree;

c) a «broadcaster» is the provider of linear audiovisual media services, on terrestrial frequencies or via satellite, even with conditional access, as set forth in the TUSMA and «national» in compliance with art. 2, paragraph 1, letter *u*) of the TUSMA;

d) an «audiovisual media service provider on other media» is a supplier of linear or non linear audiovisual media services on electronic media other than what is indicated in letter *c*), as set forth in the TUSMA;

e) «suppliers of hosting services» are those providing information company services consisting in memorising information supplied to a recipient of the service as set forth in art. 16 of legislative decree no. 70, 9 April 2003;

f) an «original audiovisual producer» is the person who has organised production of the audiovisual work and who has taken on and managed relations critical to performing the production process such as, amongst others, those related to the acquisition, implementation and execution of the subject, script, direction or art direction, direction of photography, creation of music, costumes, scenes, sound and audiovisual recording, interpreting the work, editing;

g) «independent producers» are producers described in the previous letter *f*), who perform the audiovisual production activity exclusively or predominantly and who:

1) are not controlled by or connected to broadcasters or to providers of audiovisual media services on other media or to providers of hosting services;

2) for a period of three years do not allocate at least ninety percent of their production to a single broadcaster;

h) «Italian audiovisual production companies » are audiovisual production companies, resident or non resident, registered with the register of companies and subject to taxation in Italy;

i) «executive production companies» are Italian audiovisual production companies holding the independent producer requirement, as set forth in the previous point *f*), and who carry out, commissioned by a foreign production company, the audiovisual production works needed to create in Italy and Europe, the audiovisual works indicated in art. 2,

paragraph 1, letter *a*), or parts of it, which are not Italian pursuant to articles 4 and 5 below, using mainly Italian or European labour;

j) the «total cost of the audiovisual work», is the cost for the completed work as set forth in table A to this decree;

k) the «cost eligible for tax credit» is the total cost for the audiovisual work, excluding limits contained in the provision of the Directorate General for cinema established in art. 9, paragraph 1 below. With reference to audiovisual works of Italian nationality, in particular:

1) financial charges, insurance and guarantee costs may be calculated in the total maximum amount for no higher than 7.5% of the production cost and as long as they are directly attributable solely to the specific audiovisual the benefit is being applied for;

2) production personnel costs and the «above the line» costs may not exceed a total audiovisual work cost established in the provision set forth in art. 9, paragraph 1 below;

3) the fee for production («producer fee») and general overheads may not be calculated in the eligible cost and are attributable each for a maximum of 7.5 % of the total production cost;

l) an «audiovisual work mainly financed by the broadcaster or by a supplier of audiovisual media services or a supplier of hosting services » is an audiovisual work where the project is developed and created by an independent producer with a participation of no less than 5% of the total audiovisual work cost, as indicated in the production budget and audited at the end, and in which the independent producer has an active, significant role in the creation and development stage of the work itself pursuant to resolution no. 30/11/CSP of 3 February 2011 of the Communications Guarantee Authority. The tax credit accrued related to the specific audiovisual work does not contribute to achieving that minimum participation quota;

m) a «a co-produced audiovisual work» is an audiovisual work produced by the broadcaster or by the supplier of audiovisual media services on other media or a supplier of hosting services, jointly with an independent producer which contributes for no less than 10% of the total cost of the audiovisual work, as indicated in the production budget and with final audit. The tax credit accrued related to the specific audiovisual work does not contribute to achieving the aforesaid minimum participation quota;

n) «pre-purchased audiovisual work » is an audiovisual work produced by an independent producer, where use rights are purchased by a broadcaster, or by a supplier of audiovisual media services on other media or by a supplier of hosting services before the work is completed;

o) an «audiovisual work with product licence» is an audiovisual work produced by an independent producer who licences, after the work has been completed, its use and exploitation rights to a broadcaster, or a supplier of audiovisual media services on other media, or a supplier of hosting services;

p) for the purposes of this decree, the audiovisual work is considered as completed when the sample copy has been deposited as set forth in art. 5 of this decree. For a serial work, it must be deposited after at least two thirds of the total work has been completed; with no prejudice to the obligation, under penalty of loss of benefits, to deliver the entire serial work within two years from delivery of the first episodes;

q) «primary rights» are intended as rights related to exploitation of the audiovisual work in Italy on electronic communication networks as indicated contractually by the parties;

r) «secondary rights» are intended as rights that differ to primary ones as indicated in letter p) and rights related to exploitation of the audiovisual production abroad;

s) «creative processing rights» are intended, as a whole, as all the exclusive rights to modify, process, adapt, translate, transform, redo, reduce and vary, fully or partly, the work completed and deposited with the Directorate General for cinema as set forth below in art. 5, paragraph 4, of this decree; and also of the subject, script and more generally the original works from which the completed work is drawn, to create and exploit by-products and any other creative processing right pursuant to law no. 633, 22 April 1941, and subsequent amendments.

2. Unless established otherwise, definitions contained in the TUSMA shall apply to this decree.

Art. 3.

Requirements

1. The following independent producers are admitted to benefits set forth in this decree:

a) registered in the digital list set up and maintained, pursuant to art. 3, paragraph 1, of legislative decree no. 28, 22 January 2004, and subsequent amendments, with the Directorate General for cinema of the Ministry for Cultural Heritage and Activities and Tourism, in a specific section dedicated to independent producers of audiovisuals;

b) which have their registered office in the European Economic Area;

c) which are subject to taxation in Italy due to their tax residence, or due to a permanent establishment from which the audiovisual work the benefits are related to comes;

d) which have minimum corporate capital full paid in and equity that is no lower than forty thousand euro, for companies incorporated as stock companies;

or, referred to individual production concerns and those established as partnerships, with a net worth that is no lower than forty thousand euro. Those limits are reduced to ten thousand euro related to the production of works intended for the public primarily through a supplier of audiovisual media services on other media or suppliers of hosting services;

2. Benefits are acknowledged related to investments in the production of audiovisual works:

a) of Italian nationality;

b) intended for the public primarily through a broadcaster or through a provider of audiovisual media services on other media or a provider of hosting services;

c) which respond to cultural eligibility requirements set forth in Table B attached thereto;

d) produced by independent producers as set forth in paragraph 1 of this article holding the requirements related to ownership of rights set forth in art.7 paragraph 1 below.

3.1 benefits regulated by this decree apply to audiovisual works such as:

a) works of fiction, single or series, intended as audiovisual storytelling and stage fiction, lasting no less than 50 minutes and with a total cost of no less than 2,000 euro a minute;

b) works of animation, single or series, lasting no less than 24 minutes and with a total cost of no less than 400 euro a minute ;

c) documentaries, single or series, lasting no less than 40 minutes and with a total cost of no less than 400 euro a minute ;

d) for works for the public primarily through a provider of audiovisual services on other media or a hosting service those limits are reduced to 10 minutes and the total cost must not be less than 400 euro a minute.

4. With reference to the minimum levels established in point 3 above, exceptions are permitted for artistic, production, financial and commercial needs adopted with a provision of the Directorate General for cinema, having consulted the film Commission.

5. Benefits regulated by this decree do not apply to:

a) audiovisual works intended primarily for use in cinemas or which, however, have presented a commencement of processing notification pursuant to legislative decree no. 28, 22 January 2004;

b) pornographic audiovisual works or those inciting to violence or racial hatred;

c) television commercials, advertising, telesales and tele-promotions, as set forth in art. 2, paragraph 1, letters ee•), ff), ii) and mm) of the TUSMA;

d) audiovisual works produced solely for commercial or promotional purposes;

e) information and news programs;

f) games, variety shows, quizzes, talk shows;

g) race and competition programs or containing

the results of races and competitions;

h) broadcasting, also live, of events including theatre, music, art, culture, sports and celebrations;

i) programs for solely educational and training purposes.

Art. 4.

Italian nationality and cultural eligibility of the audiovisual works

1. Italian nationality is acknowledged to audiovisual works for which independent producers present an application to the Directorate General for cinema of the Ministry of Cultural Heritage and Activities and Tourism and which satisfy requirements set forth in table C attached thereto with reference to audiovisual works of fiction, documentaries and animation and according to procedures indicated in art. 5 of this decree below.

2. The audiovisual works for which independent producers submit an application to the Ministry for Cultural Heritage and Activities and Tourism must respond to eligibility requirements set forth in Table B attached to this decree.

Art. 5.

Recognition proceedings

of the Italian nationality of audiovisual works

1. For the purpose of admission to the benefits set forth in this decree, independent producers present application for temporary recognition of Italian nationality for the audiovisual work to the Directorate General for cinema, at least one day before filming or animation starts.

2. In the application, to be submitted electronically on specific forms subsequently prepared by the Directorate General for cinema, the legal representative of the audiovisual production company certifies possession of requirements for temporary recognition of the Italian nationality of the audiovisual work and declares compliance with collective national labour contracts for the category and relative social security contributions, pursuant to art. 46 of Presidential Decree no. 445, 28 December 2000.

3. Temporary Italian nationality recognition provisions are adopted, within 60 days of the date the application is received, by the Director General for cinema.

4. Audiovisual production companies must present the Directorate General for cinema, within 30 days from the date the master copy of the audiovisual copy with ISAN code is deposited, specific application for final recognition of Italian nationality for the audiovisual work. The Director General for cinema will issue a final recognition measure within the following 90 days. Audiovisual works holding the requirements set forth in this article are registered, when the final recognition measure is issued, in

specific computer lists located with the Directorate General for cinema.

Art. 6

Production associations and co-productions with foreign production companies

1. Italian nationality is also recognised for audiovisual works created in compliance with provisions in international reciprocity agreements in force for international audiovisual and film co-productions.

2. If there is no international co-production agreement, Italian nationality may be granted to audiovisual works created in a production association between Italian companies holding requirements set forth in art. 3 of this decree and foreign companies. The ownership share of the rights of Italian companies must not be less than an overall 20% and the percentage related to the expense effectively and directly sustained by the Italian companies must be at least equal to the property rights share and include, in any case, exploitation rights for Italy. The above works must answer to cultural eligibility requirements within terms and methods set forth in Table B attached thereto.

3. The Director General for cinema shall, with application from the Italian audiovisual production company presented at least one day before the start of filming or animation of the audiovisual work, recognise the temporary Italian nationality of audiovisual works created in compliance with this article.

4. In the application, to be presented electronically, the legal representative of the Italian audiovisual production company certifies possession of requirements for temporary recognition of Italian nationality and declares compliance with collective national labour contracts for the category and relative social security contributions, pursuant to art. 46 of Presidential Decree no. 445, 28 December 2000.

5. Temporary Italian nationality recognition provisions are adopted, within 60 days of the date the application is received, by the Director General for cinema.

6. Audiovisual production companies must present the Directorate General for cinema, within 30 days from the date the master copy of the audiovisual work with ISAN code is deposited, specific application for final recognition of Italian nationality for the audiovisual work. The Director General for cinema will issue a final recognition measure within the following 90 days. Audiovisual works holding the requirements set forth in this article are registered, when the final recognition provision is issued, in specific computer lists located with the Directorate General for cinema.

Art. 7.

Ownership of rights

1. TO obtain the tax credit, the independent producers must hold rights for the audiovisual works for which benefits are being requested as set forth in art. 8, paragraph 5, law no. 91, 8 August 2013, converted, with amendments, by law no. 112, 7 October 2013. Rights ownership is satisfied if all requirements listed in paragraphs 2, 3, 4 and 5 of this article are met.

2. For an audiovisual work mainly financed, as set forth in art. 2, paragraph 1, letter *l) above*, and an audiovisual work in co-production, as set forth in art. 2, paragraph 1, letter *m) above*:

a) contractual clauses on primary and secondary rights, including any time limits, must be consistent with provisions in Communications Guarantee Authority resolution no. 30/11/CSP of 3 February 2011 including what is set forth by art. 5, paragraph 2 of annex A of the resolution itself related to compliance with the principles of equity and non discrimination in relations between the parties and negotiation autonomy for single rights to enable each one to be valorised;

b) quotas of rights attributed to independent producers must comply with proportionality criteria with reference to the effective financial investment of the independent producer compared to the total cost of the audiovisual work. The tax credit acknowledged related to the specific work, if and to the extent in which it has effectively been invested in that work, is part of the financial investment of the independent producer of the audiovisual work;

c) creative processing rights must belong to the independent producer for a percentage that is no lower than the ratio between financial contribution of the independent producer and total investment in the audiovisual work. The minimum percentage of creative processing rights identified in the previous point may not be transferred to the broadcaster or to other party for a period of 6 years starting from the date on which the contract with the broadcaster is signed. Foreseeing an option right for the broadcaster is permissible, based on methods and terms established by the parties and based on specific remuneration, as long as a pre-emption right is already foreseen for the independent producer for the creation of one or more works resulting from the audiovisual work.

3. In the case of a pre-purchased audiovisual work, as set forth in art. 2, paragraph 1, letter *n) above*:

a) contractual clauses on primary and secondary rights, including any time limits, must be consistent with provisions in Communications Guarantee Authority resolution no. 30/11/CSP of 3 February 2011 including what is set forth by art. 5, paragraph 2 of annex A of the resolution itself related to compliance with the principles of equity and non

discrimination in relations between the parties and negotiation autonomy for single rights to enable each one to be valorised;

b) creative processing rights may be transferred to the broadcaster in a percentage that does not exceed the ratio between the price acknowledged by the broadcaster and the total cost of the audiovisual work. The percentage of creative processing rights, net of any percentage possibly acknowledged to the broadcaster pursuant to the previous point, may not be transferred to the broadcaster or to another party for a period of 6 years from the date on which the contract with the broadcaster is signed.

Foreseeing an option right for the broadcaster is permissible, based on methods and terms established by the parties and based on specific remuneration, as long as a pre-emption right is already foreseen for the independent producer for the creation of one or more works resulting from the audiovisual work.

4. For an audiovisual product with a product licence, as set forth in art. 2, paragraph 1, letter *o) above*, holding of primary and secondary rights, including any time limits, must be consistent with provisions in Communications Guarantee Authority resolution no. 30/11/CSP of 3 February 2011 including what is set forth by art. 5, paragraph 2 of annex A of the resolution itself related to compliance with the principles of equity and non discrimination in relations between the parties and negotiation autonomy for single rights to enable each one to be valorised.

5. To have access to benefits established in this decree, pursuant to Communications Guarantee Authority resolution no. 30/11/CSP of 3 February 2011, no agreements are permissible between the broadcaster and the independent producer to qualify as primary rights, as set forth in art. 2, paragraph 1, letter *q) above*, all the audiovisual work exploitation rights on all national electronic communication networks.

Chapter II

PROVISIONS RELATED TO THE TAX CREDIT DUE TO INDEPENDENT PRODUCERS IN RELATION TO THE PRODUCTION OF AUDIOVISUAL WORKS

Art. 8.

Purpose and requirements

1. The tax credit regulated in this chapter is aimed at strengthening the independent production of Italian audiovisual works meeting the cultural eligibility requirements indicated in Table B attached to this decree.

2. The tax credit is for independent producers related to costs sustained for the production of Italian audiovisual works on which they hold rights pursuant to art. 7 thereto.

3. The tax credit is due as long as the audiovisual production company sustains production expenses for a total of no less than 50% of the eligible cost in Italy.

4. Exceptions may be granted on the requirement established in the above paragraph for reasons strictly functional to the narrative needs of the audiovisual work, with prior opinion of the film Commission, with provision from the Director General for cinema.

Art. 9

Costs eligible for the tax credit

1. The tax credit regulated by this Chapter is calculated as a percentage based on the eligible cost of the audiovisual work, as set forth in art. 2, paragraph 1, letter *k*) above and as further specified in a specific provision adopted by the Directorate General for cinema, having consulted the most representative category associations and the film Commission.

2. The tax credit is calculated based on eligible costs attributable to the audiovisual work and supported by fiscally relevant documentation for the purpose of calculating the taxable income of the independent audiovisual production company. Production expenses sustained in Italy are those of the type indicated in Table A, attached thereto. Those expenses, except for what is related to the studios and scenic constructions, technical supports and processes, transport, technical means, and post-production, are calculated at the rate of 100% of their value if more than 50% of total filming days take place in Italy. Up to 50% of filming days, those expenses are calculated in the percentage corresponding to the ratio between number of shooting days in Italy and total number of filming days. Expenses related to studios and scenic constructions, technical supports and processes, transport, technical means and post-production are calculated based on the effective cost sustained in Italy.

Art. 10.

Percentage and ceiling

1. Independent audiovisual production companies are entitled to a tax credit of 15% the eligible cost of the audiovisual works eligible for benefits established by this decree, up to a maximum amount of 3.5 million euro for each tax period. Tax credits made use of by the same company related to the production of films do not contribute to reaching that annual limit, pursuant to art.1, paragraph 327, of law no. 244, 24 December 2007.

Art. 11.

Associate production

1. In the associated productions of independent producers, each independent producer associated is entitled to the tax credit, related to the production expenses effectively sustained, supported by fiscally relevant documentation for the purpose of calculating the taxable income of each company. Reimbursement of costs between associated producers is, in no case, relevant.

2. For the purpose of the maximum annual amount of 3.5 million euro set forth in art. 100 above, for each independent audiovisual company in each tax period, for associated productions the tax credit is, in any case, attributed to each associated producer in proportion to effective participation percentage.

3. The usability of tax credit related to expenses sustained directly to an extent exceeding the effective production participation percentage is subordinate to authorisation, to be submitted to the Directorate General for cinema with the prior application set forth in art. 12, paragraph 1, letter *b*), by the other associate producers, for which credit is attributed in compliance with the previous paragraph; and certification by the parties that they have not exceeded the limit of 3.5 million euro set forth in art. 10 of this decree, hold the asset requirements set forth in art. 3, paragraph 1 above, and to sending the declaration in lieu of affidavit established in art. 12, paragraph 1 below.

Art. 12.

Procedures for acknowledging tax credits to production

1. To apply for acknowledgement of the tax credit, independent producers must submit to the Directorate General for cinema, with reference to each audiovisual work:

a) digitally, the declaration in lieu of affidavit (Deggendorf), using the form prepared by the Directorate General for cinema in implementation of President of the Council of Ministers decree of 23 May 2007;

b) the prior application, to be drawn up in forms prepared by the Directorate General for cinema itself, also contains:

1) the application for temporary recognition of Italian nationality;

2) elements needed to check cultural eligibility based on parameters set forth in table B attached thereto;

3) the shootings schedule with indication of filming days foreseen;

4) the total cost, the eligible cost budgeted for the work and resulting theoretical tax credit due;

5) certification of being an “independent producer” pursuant to art. 2, paragraph 1, letter *g*) of this decree;

2. With no prejudice to what is set forth in art. 21, paragraphs 7 and 8, within 60 days of receipt of the prior application, the Directorate General for cinema shall notify the independent producer of whether temporary Italian nationality has been recognised or not, whether the cultural eligibility of the audiovisual work has been recognised or not and whether the theoretical tax credit due has been recognised or not. If Italian nationality or cultural eligibility should not be recognised, duly notified as set forth in the previous paragraph, independent producers may submit the application again no more than once.

3. For a work lasting less than or for 220 minutes, within a year of the prior application being presented to the Directorate General for cinema in compliance with paragraph 1, letter *b*), of this article, the independent producer shall deliver to the Directorate General for cinema the master copy of the audiovisual work with ISAN code and a copy of the contract or contracts with date certain and agreements of any kind between independent producer and national broadcaster or between independent producer and provider of audiovisual media services on other media. The producer must also exhibit rights acquisition contracts correctly signed by the authors of the audiovisual works. For work lasting longer than 220 minutes, the due date for delivery to the Directorate General for cinema of a master copy of the work with ISAN code and a copy of the contract with date certain with a national broadcaster or between independent producer and provider of audiovisual media services on other media is raised to two years for the date the prior application is presented pursuant to paragraph 1, letter *b*) of this article. For work with a product license, the copy of the contract or contracts with certain date and agreements of any kind between independent producer and national broadcaster or between independent producer and provider of audiovisual media services on other media must be delivered within 18 months from the date the audiovisual work master copy with ISAN code is deposited. For an animation work, terms set forth in this paragraph are extended by a further 12 months.

4. The following must emerge clearly and univocally from documents foreseen in the previous paragraph:

a) ownership rights held respectively by the independent producer and by the broadcaster or the provider of audiovisual media services on other media, related to each of the exploitation and diffusion platforms available as indicated in table D attached;

b) duration of ownership rights and economic value attributed to each one.

5. The independent producer presents the final application to the Directorate General for cinema itself, within the obligatory term of 180 days from when the Directorate General for cinema is delivered

the master copy of the audiovisual work with ISAN code and a copy of the contract or contracts with certain date and agreements of any kind between independent producer and national broadcaster or between independent producer and provider of audiovisual media services on other media.

6. However, the final application must specify, for each audiovisual work:

a) the total cost for the audiovisual work and the eligible cost, with proof of effectiveness of expenses sustained, issued by the president of the board of auditors or by an external auditor or by a professional party registered with the roll of auditors, chartered accountants, and expert bookkeepers, commercial experts or in that of labour consultants, conforming with the form published on-line on the website of the Directorate General for cinema;

b) the total number of filming days and the number of days filming in Italy;

c) the amount of tax credit accrued by the production company and the amount already used, and the month from which the right to use tax credit initially emerged;

d) the amount of expenses sustained abroad with indication of any facilitations used;

7.1 for associated productions, each independent associated producer is obliged to present the declaration in lieu of affidavit and the final application; declaration, prior and final application may also be presented jointly by all associate producers.

8. Within 60 days of receiving the final application, the Directorate General for cinema will inform the independent producer of the credit amount recognised and accrued based on expenses effectively sustained. The tax credit calculation is based on eligible costs indicated and certified pursuant to paragraph 6 above. If the amount of eligible costs indicated in the final application should exceed by over 10% the eligible costs amount indicated in the prior application, the tax credit will be attributed related to the eligible costs amount indicated in the prior application increased, however no more than 10%.

9. Provisions in the last point of paragraph 8 above may be excepted for proven substantial changes occurring to the work's productive structure following the specific application to be presented to the Directorate General for cinema at the same time as the final application in the previous paragraph 6; or for causes arising from force majeure circumstances and unforeseeable general events not connected to the specific audiovisual production.

Art. 13.

Enjoyment and final recognition of credit

1. The right to use of the tax credit accrues starting from the month following the one in which the following requirements are jointly met:

a) related to eligible expenses, they are sustained in compliance to art. 109 of the T.U.I.R. (Income Tax Consolidation Act) and they have been effectively paid. As an exception to what is set forth in the previous point, services provided by the director, actors, authors of the music, photography, set design, costumes and editing, if not finished, are considered as sustained proportionally to the filming days in the month compared to those foreseen as a total in Italy;

b) related to the audiovisual work, the Directorate General for cinema has notified recognition of Italian nationality, recognition of cultural eligibility, recognition of the theoretical tax credit due. Final recognition of the tax credit, with no prejudice to what is set forth in paragraph 1 above, is established by the Directorate General for cinema communication set forth in art. 12, paragraph 8, of this decree.

Art. 14.

Reinvesting the tax credit

1. The independent producer benefiting from the tax credit related to audiovisual works intended primarily for the public through a broadcaster must reinvest the benefit amount within 24 months of the final tax credit recognition date, in compliance with art. 13, paragraph 2, of this decree.

2. With reference to the benefit granted for expenses sustained in 2014, the independent producer is obliged to reinvest 50% of the benefit amount received.

3. The reinvestment obligation may be fulfilled, alternatively or jointly, by:

c) increasing its participation percentage in the work the benefit is referred to, extra compared to the 5% or 10% respectively for audiovisual works mainly financed by the broadcaster and for works in co-production;

d) developing or producing new Italian audiovisual works;

e) allocation of profit to equity reserves, tied for 3 years, except for its use to cover period losses or increase of corporate capital or to cover, even partly, a period loss entered in the period or in corporate periods in which the tax benefit was entered in the company balance sheet;

f) purchase of tangible or intangible assets needed or useful to develop and produce audiovisual works;

g) further methods and within the limits, to be established with the provision set forth in paragraph 4 below, consistent with the structural, economic, financial strengthening of Italian audiovisual companies.

4. The Directorate General for cinema provision,

having consulted the Film Commission and the most representative category associations, details technical means for fulfilling the reinvestment obligation and defines the relative auditing procedures.

5. Non compliance with the reinvestment obligation shall imply withdrawal of the benefit and inhibition of the right to apply for tax credit for other audiovisual or film works for 12 months starting from the expiry term of the reinvestment obligation.

Art. 15.

Withdrawals and expiry

1. Without prejudice to what is set forth in other articles thereto, the tax credit benefit in this chapter, to which independent producers are entitled, expires and is withdrawn if the audiovisual work is not attributed, definitely, Italian nationality or cultural eligibility or if it should not hold the "independent producer" requirements, or the territorial expenditure limit set forth in art. 8, paragraph 3 above should not be complied with. In that case, the sum possibly and unduly already used is recovered or the sum used in excess of the amount acknowledged through Directorate General for cinema notification set forth in art. 12, paragraph 8 above.

2. The tax credit is withdrawn from the production company that is taken over by another production company. The successor company is entitled to present, in its own name, applications and communications set forth in art. 12 of this decree within 30 days of the takeover. In that case, as long as all the other requirements established in this decree are met, solely costs sustained after the takeover date are considered eligible, excluding any costs re-debited to the successor by the party taken over.

Chapter III

PROVISIONS RELATED TO TAX CREDIT DUE TO EXECUTIVE PRODUCERS FOR THE CREATION OF AUDIOVISUAL WORKS THAT ARE NOT ITALIAN COMMISSIONED FROM ABROAD

Art. 16.

Purpose and requirements

1. The tax credit regulated by this chapter is intended to strengthen the independent audiovisual production sector by attracting foreign investments to Italy and to valorise studios, filming locations, historical, artistic, natural and landscape heritage and the image of Italy abroad, also for tourism.

2. For executive production and post-production companies, in compliance with art. 2 of this decree, not holding rights to the audiovisual work, a tax credit is granted related to the concrete implementation in Italy, commissioned by foreign productions, of audiovisual works or parts of audiovisual works, that

are not Italian, which meet the cultural eligibility requirements set forth in table B1 attached thereto, and which use mainly Italian or European Union labour.

Art. 17.

Percentages and ceilings

1. The tax credit is granted for 25% of the production cost of the single work up to an annual maximum of 10 million euro for each tax period. Tax credits made use of by the same company related to the production of films do not contribute to reaching that annual limit, pursuant to art.1, paragraph 335, of law no. 244, 24 December 2007.

2. The tax credit is granted related to production costs, spent in Italy, which do not exceed 60% of the total audiovisual work production budget.

The total audiovisual work production budget must be certified by the foreign company commissioning. Expenses sustained in other European Union member States are permissible for up to one sixth of that 60%, equal to 10% of the total audiovisual work budget.

Art. 18.

Procedures for acknowledging tax credits

1. To apply for acknowledgement of the tax credit, the executive producer must submit to the Directorate General for cinema, with reference to each audiovisual work:

a) electronically, the declaration in lieu of affidavit (Deggendorf), using the form prepared by the Directorate General for cinema in implementation of President of the Council of Ministers decree of 23 May 2007;

b) the prior application for recognition of cultural eligibility, to be drawn up on forms prepared by the Directorate General for cinema itself, also containing:

1) the audiovisual shootings schedule indicating filming days foreseen in Italy or other European country;

2) the total cost and eligible cost for the work with reference to the percentage managed by the independent producer;

3) certification of being an “independent producer” pursuant to art. 2, paragraph 1, letter g) of this decree;

With no prejudice to what is set forth in art. 21, paragraphs 7 and 8, within 60 days of receipt of the prior application, the Directorate General for cinema shall notify interested parties of whether cultural eligibility has been recognised or not and whether the theoretical tax credit due has been acknowledged or not. If cultural eligibility should not be recognised, interested parties may present the prior application again, but not more than once related to the same audiovisual work.

2. Within 180 days of activities being terminated, the executive producer shall submit a final application to the Directorate General for cinema, to be drawn up on forms prepared by the Directorate General for cinema itself. No supplementary applications are permitted.

3. The final application must be signed by the legal representative of the foreign purchasing production company and contain, for each audiovisual work:

a) the total production cost with proof of effectiveness of expenses sustained, issued by the president of the board of auditors or by an external auditor or by a professional party registered with the roll of auditors, chartered accountants, and expert bookkeepers, commercial experts or in that of labour consultants, conforming with the form published on-line on the website of the Directorate General for cinema;

b) the production expenses amount spent by the executive production and post-production company in Italy, and those possibly sustained in another European Union member State;

c) the amount of tax credit accrued by the executive and post-production companies and the amount already used, and the date from which the right to use tax credit initially emerged;

d) submission of the declaration in lieu of affidavit (Deggendorf) and the prior application;

e) the declaration signed by the legal representative of the foreign purchasing production company related the total work production budget.

4. Tax credits are acknowledged after prior audits carried out by the Directorate General for cinema of their permissibility related to compliance with subjective and objective requirements and formal ones. Within 60 days of receipt of the final application, the Directorate General for cinema notifies interested parties of the credit amount due.

5. The right to use the tax credit set forth in this Chapter accrues starting from the month following the one in which the following requirements are jointly met:

a) related to eligible expenses, they are sustained in compliance to art. 109 of the T.U.I.R. (Income Tax Consolidation Act) and they have been effectively paid. As an exception to what is set forth in the previous point, services provided by the director, actors, composer, cinematographer, set designer, costume designer and editor, if not finished, are considered as sustained proportionally to the filming days in the month compared to those foreseen as a total in Italy;

b) related to the audiovisual work, the Directorate General for cinema has notified recognition of cultural eligibility and of the theoretical tax credit due.

6. The tax credit expires if the audiovisual work should not be acknowledged cultural eligibility or the requirements in this chapter should not be met. In that

case, it also provides for recovery of the benefit not due and possibly already used.

Chapter IV

Common AND TRANSIENT PROVISIONS

Art. 19.

Insurance coverage

1. Under penalty of loss of benefits in this decree, companies must foresee, for the audiovisual work covered by the benefit, in the presence of concrete risk conditions, the following forms of insurance coverage: damage to film or the digital media (audiovisual work negatives), film processing defects, mechanical defects and related to the digital media (faulty stock), interruption to processing (cast insurance), technical stoppage (extra expense), accidents to crew and actors (crew & actors' guild), general and employer's liabilities (general and employer's liability).

Art. 20.

Not cumulative

1. Tax credits and other public support measures may not, as a total, exceed 50% of the audiovisual production work.

Art. 21.

Common provisions

1. Tax credits set forth in this decree do not form part of income for income tax and production value purposes for the regional tax on productive activities, are not relevant for the purposes of the ratio set forth in articles 61 and 109, paragraph 5 of the T.U.I.R., and may be used solely in compensation pursuant to art. 17 of legislative decree no. 241, of 9 July 1997; starting from the date on which, pursuant to provisions in this decree, it is considered that the right to use them has been accrued and, however, as long as procedures set forth in this decree have been complied with. To that end, the F24 form should only be submitted through computer services offered by the Revenue Agency, penalty refusal of the payment transaction. The tax credit amount used in compensation must not exceed the amount granted by the Ministry of Cultural Heritage and Activities and Tourism, penalty the payment operation being rejected.

2. Tax credits must be indicated in both the tax returns for the the credit acknowledgement period, and in the tax return related to the tax period in which the credits are used, distinctly differentiating the amount acknowledged and accrued from the one used.

3. If, following controls carried out by the Directorate General for cinema, undue use, even partial, should be ascertained of tax credits in this

decree due to non compliance with regulation requirements, or if costs on which the import used was based should not be admissible, the Directorate General for cinema will recover the relative amount, plus interest and sanctions established by law.

4. The tax credit used unduly is recovered by 31 December of the fourth year following the one in which the credit was withdrawn or recalculated. For anything not specifically regulated by this decree, provisions related to income tax payment, assessment, collection and litigation shall apply.

5. In any case, the Revenue Agency will notify the Directorate General for cinema electronically of any improper full or partial use of the tax credit ascertained during ordinary controls.

6. For monitoring and control purposes, the Revenue Agency and the Directorate General for cinema agree on, within 60 days of this decree being published in the *Official Gazette* of the Italian Republic, electronic methods to be used to transmit data related to the facilitations regulated by this decree and by art. 1, paragraphs 325-337, of law no. 244, 24 December 2007, and subsequent amendments, used in compensation pursuant to art. 17 of legislative decree no. 241, 9 July 1997.

7. The Directorate General for cinema shall acquire the prior applications established by this decree in chronological order and the communications set forth in executory decrees issued pursuant to art. 1, paragraph 333 and 336, of law no. 244, 24 December 2007, and subsequent amendments. On reaching expenditure limits established by art. 8, paragraph 3, of decree-law no. 91, 8 August 2013, converted with amendment by law no. 112, 7 October 2013, and subsequent amendments, and further expenditure limits foreseen by the decree, the Directorate General for cinema informs:

1. the applicant of the facilitation not being usable due to lack of financial coverage ;

2. with notice published on the website of the Ministry for Cultural Heritage and Activities and Tourism that financial resources available have been exhausted.

8. The Directorate General for cinema notifies that tax credits set forth in art. 1, paragraphs 325-337 of law no. 244, 24 December 2007 and subsequent amendments and regulated in this decree are not due, if the company itself has unduly, previously used tax credits indicated in this paragraph.

Art. 22.

Start of tax credit for independent producers

1. The tax credit indicated in chapter II is payable, as of 1 January 2014, with reference to the expenditure of audiovisual producers for which the conditions set forth by art. 13, paragraph of this decree apply jointly after 1 January 2014.

Art. 23.

*Obligation to enter use of tax credit
in opening titles or film credits*

1. The audiovisual production company benefiting from the tax credit must insert a suitable notice clearly informing the audience that the audiovisual work was also produced thanks to tax credit established in law no. 244, 24 December 2007 in opening titles or film credits.

Art. 24.

Transient provisions

1. For audiovisual works where filming began before this decree comes into force, solely production costs the company is liable for, effectively sustained and proven by fiscally relevant documentation for tax income calculation purposes for the period in progress at 1 January 2014, are admissible. Related to those works, the independent producer must present to the Directorate General for cinema, within 60 days from the date this decree came into force:

a) digitally, the declaration in lieu of affidavit (Deggendorf), using the form prepared by the Directorate General for cinema in implementation of President of the Council of Ministers decree of 23 May 2007;

b) elements foreseen by art. 12 in this decree, more specifically:

1) the application for recognition of temporary Italian nationality, the application for cultural eligibility, the work's processing schedule indicating filming days planned, the total cost, the work's eligible cost and resulting theoretical tax credit due, "independent producer" certification;

2. Solely for those works, if the agreement between the subjects in letters c, d, and in paragraph 1 art. 2 of this decree and the independent producer has already been signed in a deed with certain date prior to when this decree comes into force, the requirement related to independent producer ownership of rights related to the audiovisual works for which benefits are being applied for, foreseen in art. 8, paragraph 5, law no. 91, 8 August 2013, n. 91, converted, with amendments, by law no. 112, 7 October 2013, cited in the introduction, is satisfied if contractual clauses on primary and secondary rights, including any time limits, are consistent with provisions in Communication Guarantee Authority resolution no. 30/11/CSP of 3 February 2011.

3. Requirements needed to access benefits set forth in this decree are solely, exclusively recognised following the notification that the Directorate General for cinema must transmit within the following 60 days following the date documents set forth in paragraph 1 of this article have been sent.

4. Following favourable notification from the Directorate General for cinema established in the

previous paragraph, the independent producer must present the final application established in art. 12, paragraph 5, after depositing the sample copy in compliance with art. 12, paragraph 3.

5. For audiovisual works or parts of them of foreign nationality and produced in Italy commissioned by foreign productions, where work began before this decree came into force and after 1 January 2014, the executive and post-production companies, as established in art. 2, paragraph 1, letter i) thereto, who want to benefit from tax credits, must present to the Directorate General for cinema, within 60 days of the date this decree is published:

a) digitally, the declaration in lieu of affidavit (Deggendorf), using the layout approved by provision of the Director of the Revenue Office dated 6 August 2007, implementing President of the Council of Ministers decree 23 May 2007, concerning certain state aid, declared incompatible by the European Commission;

b) elements set forth in art. 18 of this decree and more specifically: the application for cultural eligibility, the work schedule for the work indicating the filming days planned in Italy or other European Country, the total cost, the work's eligible cost and the resulting theoretical tax credit due, proof of qualification as an independent producer pursuant to art. 2, paragraph 1, letter g) thereto. Requirements needed to access benefits set forth in this decree are solely, exclusively recognised following the notification that the Directorate General for cinema must transmit within the following 60 days after the date documents set forth in paragraph 5 of this article have been sent.

6. Following favourable notification from the Directorate General for cinema established in the previous paragraph, the independent producer must submit the final application established in art. 18, paragraph 3.

Art. 25.

Controls

1. Competent administrations, as part of their respective institutional powers on controls of correct fulfilment of taxpayers contribution and fiscal obligations, may order specific controls of both documents and through in loco inspections, to check that exemptions are used correctly, complying with methods and limits established thereto.

2. Beneficiaries shall notify the Ministry for Cultural Heritage and Activities and Tourism in a timely manner, under penalty of facilitations granted being withdrawn, of any loss, after the application has been accepted, of benefit admissibility requirements set forth thereto.

This decree will be transmitted to control bodies to be registered and will be published in the *Official Gazette* of the Italian Republic.

Roma, 05 February 2015

*The Minister of
Cultural
Heritage and
Activities and
Tourism
FRANCESCHINI*

*The Minister for the Economy
and Finance
PADOAN
Registered at the Court of Auditors on 9 March 2015
Control Office for deeds of MIUR MIBAC, Min.
for Health and Min.
for Labour, sheet no. 878*

TABLE A

TYPES OF COST ITEMS AND ELIGIBILITY CRITERIA

A.1 SUBJECT AND SCRIPT

A.2 DIRECTION

A.3 MAIN ACTORS

A.4 PRODUCTION STAFF

A.5 DIRECTION DEPARTMENT

A.6 EDITING

A.7 TECHNICAL STAFF

A.8 WORKERS

A.9 ARTISTIC STAFF

A.10 COSTUMES

A.11 SET DESIGN

A.12 PRE-ORGANIZATION

A.13 STUDIOS AND SCENIC CONSTRUCTIONS *)

** (for territorialisation purposes: 100% of expenses in Italy)*

A.14 INTERIORS LIVE

A.15 EXTERIORS

A.16 TECHNICAL MEANS (*)

** (for territorialisation purposes: 100% of expenses in Italy)*

A.17 TRANSPORT (*)

** (for territorialisation purposes: 100% of expenses in Italy)*

A.18 TECHNICAL SUPPORTS AND PROCESSES(*)

** (for territorialisation purposes: 100% of expenses in Italy)*

A.19 TECHNICAL PROCESSES FOR ANIMATION

A.20 POST-PRODUCTION **

** (for territorialisation purposes one: 100% of expenses in Italy)*

A.21 MUSIC

A.22 INSURANCE, GUARANTEES AND FINANCING *)

** (for the part attributable to the film; max 7.5% of the total production cost)*

A.23 VARIOUS EXPENSES ATTRIBUTABLE DIRECTLY TO THE AUDIOVISUAL WORK*)

** (for the part attributable to the film)*

A.24 GENERAL OVERHEADS (*)

** (max 7.5% of the total production cost; not calculated in the eligible cost)*

A.25 SOCIAL EXPENSES

A.26 PRODUCER FEE (*)

** (max 7.5% of the total production cost; not calculated in the eligible cost)*

TABLE B: Cultural eligibility

**TABLE A B ART.3, PARAGRAPH 3, LETTER "A", M.D. TAX CREDIT AUDIOVISUAL WORKS
ITALIAN FICTION WORKS CULTURAL ELIGIBILITY REQUIREMENTS**

Requirement	Points
BLOCK A: CONTENTS	
A.1 Subject/script of audiovisual work taken from an Italian or European literary or theatrical work	10
A.2 Subject/script of the audiovisual work related to Italian or European historical, legendary, religious, social, artistic or cultural topics	15
A.3 Subject/script related to an Italian or European celebrity/character of Italian or European historical, religious, social, artistic or cultural importance	15
A.4.1 Territorial setting of the audiovisual work in Italy (up to 60% of scenes set in Italy, 5 points; over 60%, 10 points; minimum level: 20% of the scenes) ¹ Or A.4.2 External filming of the audiovisual work in Italy to valorise the artistic, architectural and archaeological heritage (up to 40% of outdoor scenes contained in the script, 5 points; over 40%, 10 points; minimum level: 20% of the scenes) ²	10 (5)
A.5 Original dialogues recorded in Italian or Italian dialects (minimum level: 50% of the scenes in the script) ³	10
TOTAL POINTS IN BLOCK B: CREATIVE TALENTS	60
B.1 Presence of Italian or citizens of the European Economic Area Member States - EEA audiovisual artists (a-director, b-author of the story, c-scriptwriter, d- lead actor (one), and- secondary actor (one), f-author of the music)	10 (max) 2 points for a), b), c), and d), 1 point for e) and f)
B.2 Presence of Italian or citizens of the European Economic Area Member States - EEA creative talents (a-director of photography, b-set designer, c-costume designer, d-editor, e-decorator, f- head make-up artist)	10 (max) 2 points for a), b), c), and d), 1 point for e) and f)
TOTAL POINTS IN BLOCK C: PRODUCTION	20
C.1 Filming in studio in Italy (up to 40% of interior scenes in the script filmed in Italian studios, 2 points; over 40%, 5 points; minimum level: 20% of the scenes) ⁴	5 (2)
C.2 Digital effects in Italy	3
C.3 Special effects in Italy	3
C.4 Music recorded in Italy	2
C.5 Sound edited and mixed in Italy	2
C.6 Laboratory work in Italy	3
C.7 Final editing in Italy	2
TOTAL POINTS C	20
GENERAL TOTAL	100
At least 2 of the requirements in A.1, A.2, A.3, A.4 of Block A are obligatory	
Total minimum points 50/100 needed for application of art. 8 paragraph 2 of D.L. no. 91, 8/8/2013 "culture value", converted with amendments, by law no. 112, 7/10/2013	

An audiovisual work is considered as set in Italy if the story takes place in Italy; for that purpose it has no effect whether the audiovisual work is effectively filmed in Italy. There are no rights to any points if the minimum level established is not reached.

² There are no rights to any points if the minimum level established is not reached.

³ There are no rights to any points if the minimum level established is not reached.

⁴ There are no rights to any points if the minimum level established is not reached.

TABLE B ART.3, PARAGRAPH 3, LETTER "B", M.D. TAX CREDIT AUDIOVISUAL WORKS ITALIAN ANIMATION WORKS CULTURAL ELIGIBILITY REQUIREMENTS	
Requirement	Points
BLOCK A: CONTENTS	
A.1 Subject/script of audiovisual work taken from an Italian or European literary work	10
A.2 Subject/script of the audiovisual work related to an Italian or European historical, legendary, religious, social, artistic or cultural event	8
A.3 Subject /script of the audiovisual work concerning an Italian or European artistic, historical, religious, social or cultural celebrity	8
A.4. Main character of the subject/script Italian or European	8
A.5 Subject or script of the audiovisual work particularly suited for children and youngsters	8
A.6 Subject or script of the audiovisual work oriented to spread humanitarian values, social and racial integration and inclusion, trades and professions.	8
A.7 Original dialogues recorded in Italian or Italian dialects (minimum level: 50% of the scenes contained in the script) ⁵	10
TOTAL POINTS A	60
BLOCK B: CREATIVE TALENTS	
B.1 Presence of an Italian or citizen of the European Economic Area Member States - EEA audiovisual artist (author of music, director, screenwriter, narrator)	8 (max) (2 points per professional figure)
B.2 Presence of an Italian or citizen of the European Economic Area Member States - EEA creative talent (creator of characters, animation supervisor, editor, set designer)	8 (max) (2 points per professional figure)
B.3 Significant contribution to the audiovisual work of an Italian or citizen of the European Economic Area - EEA contemporary artist operating in a different sector to the audiovisual one	4
TOTAL POINTS B	20
BLOCK C: PRODUCTION	
C.1 Pre-production in Italy (storyboard, drawings)	4

There are no rights to any points if the minimum level established is not reached.

C.2 Animation work in Italy (at least 50% of all animation work)	4
C.3 Digital effects in Italy	2
C.4 Special effects in Italy	2
C.5 Music recorded in Italy	2
C.6 Sound edited and mixed in Italy	2
C.7 Laboratory work in Italy	2
C.8 Final editing in Italy	2
TOTAL POINTS C	20
GENERAL TOTAL	100
At least 2 of the requirements in A.1, A.2, A.3, A.4, A.5, A.6 of Block A are obligatory	
Total minimum points 50/100 needed for application of art. 8 paragraph 2 of D.L. no. 91, 8/8/2013 "culture value", converted with amendments, by law no. 112, 7/10/2013	

TABLE B ART.3, PARAGRAPH 3, LETTER "C", M.D. TAX CREDIT AUDIOVISUAL WORKS	
ITALIAN DOCUMENTARIES CULTURAL ELIGIBILITY REQUIREMENTS	
Requirement	Points
BLOCK A: CONTENTS	
A.1.1 Subject/script related to Italian or European scientific subjects or natural phenomena, historical, legendary, religious, social or artistic events or A.1.2. Subject /script concerning an Italian or European artistic, historical, religious, social or cultural celebrity	15
A.2 Subject/script related to the life styles of Italian or European peoples/ethnic minorities	15
A.3 Subject/script for educational or training purposes	8
A.4.1 Territorial setting of the documentary subject in Italy or in Europe (up to 40% of scenes set in Italy, 6 points; over 40%, 12 points; minimum level: 20% of the scenes) ⁶ Or A.4.2 Filming outdoors in Italy (up to 40% of outdoor scenes in the script filmed in Italy, 6 points; over 40%, 12 points; minimum level: 20% of the scenes) ⁷	12 (6)
A.5 Original dialogues recorded in Italian or Italian dialects (minimum level: 50% of the scenes contained in the script) ⁸	10
TOTAL POINTS A	60
BLOCK B: CREATIVE TALENTS	
B.1 Presence of Italian or citizens of the European Economic Area Member States - EEA audiovisual artists (a- producer, b-author of music, c-director, d-screenwriter)	6 (max) 1 point for a) and b); 2 points for c), and d)
B.2 Presence of Italian or citizens of the European Economic Area Member States - EEA creative talents (director of photography, set designer, costume designer, editor, decorator, head make-up artist, line producer)	14 (max) 2 points per professional figure
TOTAL POINTS B	20
BLOCK C: PRODUCTION	
C.1 Filming in studio in Italy (at least 50% of days filmed outdoors)	8
C.2 Digital effects in Italy	2
C.3 Special effects in Italy	2
C.4 Music recorded in Italy	2
C.5 Sound edited and mixed in Italy	2

⁶ An audiovisual work is considered as set in Italy if the story takes place in Italy; for that purpose it has no effect whether the documentary is effectively filmed in Italy. There are no rights to any points if the minimum level established is not reached.

⁷ There are no rights to any points if the minimum level established is not reached.

⁸ There are no rights to any points if the minimum level established is not reached.

C.6 Laboratory work in Italy	2
C.7 Final editing in Italy	2
TOTAL POINTS C	20
GENERAL TOTAL	100
At least 2 of the requirements in A.1, A.2, A.3, A.4 of Block A are obligatory	
Total minimum points 50/100 needed for application of art. 8 paragraph 2 of D.L. no. 91, 8/8/2013 "culture value", converted with amendments, by law no. 112, 7/10/2013	

TABLE B1 ART.3, PARAGRAPH 3, LETTER "A", M.D. TAX CREDIT AUDIOVISUAL WORKS
CUTURAL ELIGIBILITY REQUIREMENTS FOREIGN FICTION WORKS

Requirement	Points
BLOCK A: CONTENTS	
A.1 Subject/script of audiovisual work taken from a literary work	10
A.2 Subject/script of the audiovisual work related to a historical, legendary, religious, social, artistic or cultural event	10
A.3 Subject /script of the audiovisual work concerning an artistic, historical, religious, social or cultural celebrity	10
A.4 Main characters of the Italian or European subject or script ⁹	10 (4 ; 6)
A.5.1 Territorial setting of the audiovisual work subject in Italy or another European country (up to 30% of scenes set in Italy or another European county, 6 points; over 30%, 15 points; minimum level: 15% of the scenes) ¹⁰ Or A.5.2 External filming of the audiovisual work in Italy to valorise the artistic, architectural and archaeological heritage (up to 30% of outdoor scenes contained in the script, 6 points; over 30%, 15 points; minimum level: 15% of the scenes) ¹¹	15 (6)
A.7 Original dialogues post synchronized or subtitled in Italian or Italian dialects (minimum level: 50% of the scenes contained in the script) ¹²	5
TOTAL POINTS A	60
BLOCK B: CREATIVE TALENTS	
B.1 Presence of an Italian or citizen of the European Economic Area Member States - EEA audiovisual artist (producer, director, screenwriter, music writer)	8 (max) 2 points per professional figure
B.2 Presence of an Italian or citizen of the European Economic Area Member States - EEA creative talent (decorator, art-director, head make-up artist, costume designer, director of photography, line producer, editor, set designer)	8 (max) 1 point per professional figure
B.3 Presence of at least one Italian or citizen of European Economic Area Member State - EEA lead actor	2
B.4 Presence of at least two Italian or citizens of European Economic Area Member State - EEA support actors	2
TOTAL POINTS B	20

⁹ Qualification as lead player is based on his/her essential position in the script subject. 4 points are assigned if at least 1 main character is Italian or European; 6 points if at least 2 or more main characters are Italian or European; 10 points if at least 3 or more characters are Italian or European or if, as there are only 1,2, or 3 main characters, these are all Italian or European.

¹⁰ An audiovisual work is considered as set in Italy if the story takes place in Italy; for that purpose it has no effect whether the audiovisual work is effectively filmed in Italy. There are no rights to any points if the minimum level established is not reached.

¹¹ There are no rights to any points if the minimum level established is not reached.

¹² There are no rights to any points if the minimum level established is not reached.

TABLE B1 ART.3, PARAGRAPH 3, LETTER "C", M.D. TAX CREDIT AUDIOVISUAL WORKS
 CULTURAL ELIGIBILITY REQUIREMENTS FOREIGN DOCUMENTARIES

BLOCK C: PRODUCTION	
C.1 Filming in studio in Italy (up to 20% of scenes in the script filmed in Italian studios, 4 points; over 20%, 8 points; minimum level:	8 (4)
C.2 Digital effects in Italy	2
C.3 Special effects in Italy	2
C.4 Music recorded in Italy	2
C.5 Sound edited and mixed in Italy	2
C.6 Laboratory work in Italy	2
C.7 Final editing in Italy	2
TOTAL POINTS C	20
GENERAL TOTAL	100
At least 2 of the requirements in A.1, A.2, A.3 and A.5 of Block A are obligatory	
Total minimum points 50/100 needed for application of art. 8 paragraph 2 of D.L. no. 91, 8/8/2013 "culture value", converted with amendments, by law no. 112, 7/10/2013	

TABLE B1 ART.3, PARAGRAPH 3, LETTER "C", M.D. TAX CREDIT AUDIOVISUAL WORKS
CUTURAL ELIGIBILITY REQUIREMENTS FOREIGN DOCUMENTARIES

Requirement	Points
BLOCK A: CONTENTS	
A.1.1 Subject/script related to scientific subjects or natural phenomena, historical, legendary, religious, social or artistic events or A.1.2. Subject /script concerning an artistic, historical, religious, social or cultural celebrity	16
A.2 Subject/script related to the life styles of peoples/ethnic minorities	16
A.3.1 Territorial setting of the documentary subject in Italy or in Europe (up to 30% of scenes set in Italy, 6 points; over 30%, 12 points; minimum level: 15% of the scenes) ¹³ Or A.3.2 Filming outdoors in Italy (up to 30% of outdoor scenes in the script filmed in Italy, 6 points; over 30%, 12 points; minimum level: 15% of the scenes) ¹⁴	12 (6)
A.4 Original dialogues or narrating voice recorded, post synchronized or subtitled in Italian or Italian dialects (minimum level: 50% of the scenes contained in the script) ¹⁵	16
TOTAL POINTS A BLOCK B: CREATIVE TALENTS	60
B.1 Presence of an Italian or citizens of the European Economic Area Member States - EEA audiovisual artist (a- producer, b- music-writer, c-director, d-screenwriter)	6 (max) 1 point for a) and b); 2 points for c), and d)
B.2 Presence of an Italian or citizen of the European Economic Area Member State - EEA creative talent (director of photography, set designer, costume designer, editor, decorator, head make-up artist, line producer)	14 (max) 2 points per professional figure
TOTAL POINTS B BLOCK C: PRODUCTION	20
C.1 Filming in studio in Italy (at least 50% of days filmed outdoors)	8
C.2 Digital effects in Italy	2

¹³ An audiovisual work is considered as set in Italy if the story takes place in Italy; for that purpose it has no effect whether the documentary is effectively filmed in Italy. There are no rights to any points if the minimum level established is not reached.

¹⁴ There are no rights to any points if the minimum level established is not reached.

¹⁵ There are no rights to any points if the minimum level established is not reached.

C.3 Special effects in Italy	2
C.4 Music recorded in Italy	2
C.5 Sound edited and mixed in Italy	2
C.6 Laboratory work in Italy	2
C.7 Final editing in Italy	2
TOTAL POINTS C	20
GENERAL TOTAL	100
At least 2 of the requirements in A.1, A.2 or A.3 Block A are obligatory	
Total minimum points 50/100 needed for application of art. 8 paragraph 2 of D.L. no. 91, 8/8/2013 "culture value", converted with amendments, by law no. 112, 7/10/2013	

TABLE B1 ART.3, PARAGRAPH 3, LETTER "B", M.D. TAX CREDIT AUDIOVISUAL WORKS FOREIGN ANIMATION WORKS CULTURAL ELIGIBILITY REQUIREMENTS	
Requirement	Points
BLOCK A: CONTENTS	
A.1 Subject/script of audiovisual work taken from a literary work	10
A.2 Subject/script of the audiovisual work related to a historical, legendary, religious, social or artistic event	10
A.3 Subject /script of the audiovisual work concerning an artistic, historical, religious, social or cultural celebrity	10
A.4 Subject or script of the audiovisual work oriented to spread humanitarian values, social and racial integration and inclusion, trades and professions.	10
A.5 Subject or script of the audiovisual work particularly suited for children and youngsters	10
A.7 Original dialogues postsynchronized or subtitled in Italian or Italian dialects (minimum level: 50% of the scenes contained in the script) ¹⁶	10
TOTAL POINTS A	60
BLOCK B: CREATIVE TALENTS	
B.1 Presence of an Italian or citizen of the European Economic Area Member States - EEA audiovisual artist (author of music, director, screenwriter, narrator)	8 (max) (2 points per professional figure)
B.2 Presence of an Italian or citizen of the European Economic Area Member States - EEA creative talent (creator of characters, animation supervisor, editor, set designer)	8 (max) (2 points per professional figure)
B.3 Significant contribution to the audiovisual work of an Italian or citizen of the European Economic Area - EEA contemporary artist operating in a different sector to the audiovisual one	4
TOTAL POINTS B	20
BLOCK C: PRODUCTION	
C.1 Pre-production in Italy (storyboard, drawings)	4
C.2 Animation work in Italy (at least 50% of all animation work)	4
C.3 Digital effects in Italy	2
C.4 Special effects in Italy	2
C.5 Music recorded in Italy	2
C.6 Sound edited and mixed in Italy	2
C.7 Laboratory work in Italy	2
C.8 Final editing in Italy	2
TOTAL POINTS C	20
GENERAL TOTAL	100
At least 2 of the requirements in A.1, A.2, A.3, A.4 and A.5 of Block A are obligatory	
Total minimum points 50/100 needed for application of art. 8 paragraph 2 of D.L. no. 91, 8/8/2013 "culture value", converted with amendments, by law no. 112, 7/10/2013	

There are no rights to any points if the minimum level established is not reached.

1. Requirements for Italian nationality of audiovisual fiction works

Italian nationality is acknowledged for audiovisual fiction works which obtain, related to requirements indicated in this table, minimum 70 points:

- a) Italian nationality or of another European Union Country or, regardless of nationality, parties taxed in Italy because of tax residence of the:
 - 1) director or most of the co-directors; **10 points**
 - 2) author of the subject or majority of authors; **8 points**
 - 3) script writer or majority of script writers; **10 points**
 - 4) majority of main performers; **8 points**
 - 5) three quarters of secondary performers; **5 points**
 - 6) photographer; **7 points**
 - 7) editor; **7 points**
 - 8) music-writer; **7 points**
 - 9) set designer; **6 points**
 - 10) costume designer; **6 points**
 - b) at least 50% of activities implemented **in Italy: 10 points**
 - c) sound recording directed completely or mainly in Italian or Italian dialects. For Italian films set, at least partially, in Italian regions where the linguistic minorities indicated in article 2 of Law no. 482, 15 December 1999 live or which include characters coming from those regions; for the purposes and effects of this decree, the relative languages are compared to Italian as long as the use of the linguistic minority's language is strictly functional to the narrative needs of the work in question; **5 points**
 - d) at least 50% of crew members are subject to Italian taxation because of their fiscal residence; **5 points**
 - e) mainly filmed in Italy: **2 points**
 - f) use of studios based in Italy: **2 points**
- post production mainly carried out in Italy **2 points**

Minimum total score **70/100 points**

Italian nationality is acknowledged for audiovisual fiction works which obtain, related to requirements indicated in this table, minimum 70 points:

- a) are of Italian nationality or of another European Union Country or, regardless of nationality, are taxed in Italy because of tax residence:
 - 1) director or most of the co-directors; **17 points**
 - 2) the author or most of the authors; **12 points**
 - 1) photographer; **12 points**
 - 2) editor; **12 points**
 - 3) music writer; **12 points**

- b) at least 50% of the activities are carried out **in Italy; 15 points**

- c) original dialogues or the narrating voice are in Italian or Italian dialects. For Italian films set, at least partially, in Italian regions where the linguistic minorities indicated in article 2 of Law no. 482, 15 December 1999 live or which include characters coming from those regions; for the purposes and effects of this decree, the relative languages are compared to Italian as long as the use of the linguistic minority's language is strictly functional to the the narrative needs of the work in question; **5 points**

- d) at least 50% of crew members are subject to Italian taxation because of their fiscal residence; **5 points**

- e) filming entirely in Italy **5 points**

post production mainly carried out in Italy **5 points**

Minimum total score **70/100 points**

Italian nationality is acknowledged for audiovisual animation works which obtain, related to requirements indicated in this table, minimum 70 points:

- a) are of Italian nationality or of another European Union Country or, regardless of nationality, are taxed in Italy because of tax residence:
 - 1) director or most of the co-directors; **15 points**
 - 2) author of the subject or majority of authors; **10 points**
 - 3) script writer or majority of script writers; **10 points**
 - 4) graphic artist; **10 points**

- b) are of Italian nationality or of another European Union Country or, regardless of nationality, are taxed in Italy because of tax residence, three of the following four requirements:
 - 1) the majority of graphic artists and/or storyboarders; **10 points**
 - 2) music writer; **10 points**
 - 3) animation supervisor; **10 points**
 - 4) the author of editing or final compositing; **8 points**

- c) original dialogues or the narrating voice are in Italian or Italian dialects. For Italian films set, at least partially, in Italian regions where the linguistic minorities indicated in article 2 of Law no. 482, 15 December 1999 live or which include characters coming from those regions, for the purposes and effects of this decree, the relative languages are compared to Italian as long as the use of the linguistic minority's language is strictly functional to the the narrative needs of the work in question; **5 points**

- d) at least 50% of crew members are subject to Italian taxation because of their fiscal residence; **5 points**
 - 1) post production all in Italy; **7 points**

Minimum total score **70/100 points**

Rights of creative development:

(novelization, prequel, sequel, remake, spin-off)

- 2) Derived rights (merchandising, publishing, editing)
- 3) Music synchronization rights
- 4) Rights to economic use and exploitation (in Italy or abroad):
 - a) digital rights: on distribution platform with use on demand; in streaming or download; electronic sell-through, s-vod, t-vod
 - b) All Tv rights: with any signal; with any technology, on any media, in any way (linear or non linear); free or pay
 - c) other rights: film (theatrical, public video, etc...)

Minimum total score **70/100 points**

A. works mainly financed and co-produced works

Rights category	Declination of right
1. Rights to economic use and exploitation of work in Italy	Free tv
	Pay tv
	Digital: electronic sell-through
	Digital: SVOD
	Digital: TVOD
	Digital (<i>specify other</i>)
	Other rights: theatrical
	Other rights: home video
	Other rights: public video
	Other rights (<i>specify</i>)
2. Rights to economic use and exploitation of work abroad	<i>Specify country/geographical area and type of right</i>
	<i>Specify country/geographical area and type of right</i>
	<i>Specify country/geographical area and type of right</i>
3. Rights of creative development	Novelization
	Prequel
	Sequel
	Remake
	Spin-off
	Others(<i>specify</i>)
4. Derived rights	Merchandising
	Publishing

Minimum total score **70/100 points**

	Editing
	Others(<i>specify</i>)
	Sub-total 4
5. Music synchronization rights	<i>Specify</i>
	<i>Specify</i>

TABLE D: list of property rights to the work (held by the producer) B. purchase/pre-purchase

Rights category	Declination of right
1. Rights to economic use and exploitation of work in Italy	Free tv
	Pay tv
	Digital: electronic sell-through
	Digital: SVOD
	Digital: TVOD
	Digital: <i>(specify other)</i>
	Other rights: theatrical
	Other rights: home video
	Other rights: public video
	Other rights: <i>(specify other)</i>
2. Rights to economic use and exploitation of work abroad	<i>Specify country/geographical area and type of right</i>
	<i>Specify country/geographical area and type of right</i>
	<i>Specify country/geographical area and type of right</i>
3. Rights of creative development	Novelization
	Prequel
	Sequel
	Remake
	spin-off
	<i>specify others</i>
4. Derived rights	Merchandising
	Publishing
	Editing
	<i>specify others</i>
	Sub-total 4
5. Music synchronization rights	<i>Specify</i>
	<i>Specify</i>