



# **Filming in Italy**

## **Successful Films**

### **in a Successful Incentive's Framework**

# **ANICA, THE ITALIAN ASSOCIATION OF FILM INDUSTRIES**

**Founded in 1944, ANICA is the association that represents the Italian film and audiovisual industries in dealings with political and union institutions while establishing relations with all the key players in the promotion of films and communications products in Italy and abroad.**

**Within Italy's Federation Confindustria Cultura Italia, ANICA is a member of Confindustria (the Italian Industry Confederation), actively representing the film industry.**

**The association is divided into three sections: producers, distributors and technical enterprises (printing and development, film studios and sound-sets, equipment rental, audio and video post-production and transport).**

**As Academy of Motion Picture Arts and Sciences's representative in Italy, ANICA selects Italy's Oscar candidate for best foreign film. It is also a founding partner of the "David di Donatello" Award, belongs to the World Federation of Cinema Distributors Associations and to the Association for the International Collective Management of Audiovisual Works.**

# ITALIAN LAW No. 244/2007

**Article 1 Financial Law for 2008  
provides fiscal incentives for:**

**Italian Films  
(National and Coproductions)**

**Foreign Films**

**Italian Films**

**(qualified by Ministry of Culture, under any  
co-production treaty or UE Convention)**

**Foreign Films**

**(not qualified as Italian under any  
co-production treaty or UE Convention)**

**Benefit grant to: Italian Producer**

**Benefit grant to: Italian Line Producer**

# TAX CREDIT RATES AND REQUIREMENTS

## Italian Tax Credit Scheme for Film Producers



### Italian Films

Rate: **15%** of eligible costs

Credit limit: **€ 3.500.000/YEAR**  
(i.e. €22.5 mil. invested)

Main condition:  
**80%** of the credit spent in Italy  
(i.e. 12% of the budget:  $15\% \times 80\% = 12\%$ )



### Foreign Films

Rate: **25%** of eligible costs

Credit limit: **€ 5.000.000/FILM**  
(i.e. €20 mil. invested)

Main condition:

- Italian expenses must not exceed **60%** of Budget
- Expenses in other UE countries are eligible up to **30%** of the Budget

# THE TAX CREDIT MONTHLY OFFSETTING

**Producer doesn't need taxable income**



**Tax credit can be used to offset any tax debt**



**Including:**

**VAT**

**Corporate Income tax (Ires)**

**Regional income tax (Irap)**

**Social contribution (Enpals)**

**Taxes withheld on labour cost (Irpef)**

# THE TAX CREDIT: FOREIGN FILMS NUMBERS

## TAX CREDIT FOREIGN FILMS JUNE 2012

NATIONALITY	NUMBER OF FILMS	AMOUNT INVESTED	AMOUNT INVESTED PER COUNTRIES	TAX CREDIT ACCRUED	TAX CREDIT ADMITTED
UK 10 film	1 film UK	€ 8.874.303	€ 34.953.455	€ 8.738.364	€ 6.984.889
	1 film UK	€ 1.436.172			
	1 film UK	€ 9.422.378			
	1 film UK	€ 1.555.702			
	1 film UK	€ 1.671.615			
	1 film UK	€ 1.934.337			
	1 film UK	€ 1.847.922			
	1 film UK	€ 131.931			
	1 film UK	€ 1.088.025			
	1 film UK	€ 6.991.069			
USA 3 film	1 film USA	€ 20.000.000	€ 25.644.043	€ 6.411.011	€ 6.355.961
	1 film USA	€ 5.423.843			
	1 film USA	€ 220.201			
JAPAN 2 film	1 film japanese	€ 693.339	€ 2.289.497	€ 572.374	€ 572.374
	1 film japanese	€ 1.596.158			
GERMANY 2 film	1 film german	€ 1.138.550	€ 1.838.550	€ 459.638	€ 278.604
	1 film german	€ 700.000			
HOLAND 1 film	1 film dutch	€ 3.090.981	€ 3.090.981		
AUSTRALIA 1 film	1 film Australian	€ 603.533	€ 603.533	€ 150.883	€ 149.665
FRANCE 1 film	1 film French	€ 586.611	€ 586.611	€ 146.653	€ 146.653
SPAIN 1 film	1 film Spanish	€ 66.495	€ 66.495	€ 16.624	€ 15.096
AUSTRIA 1 film	1 film Austrian	€ 1.777.000	€ 1.777.000		
<b>Total: 22 films</b>		<b>€ 70.850.165</b>			<b>€ 14.503.242</b>

Source: DGCinema - MiBAC

# CULTURAL REQUIREMENTS

All categories of film must pass a “cultural” test  
To meet the EU requirement for State aid

Films of  
Italian  
Nationality



Cultural test A

Films of  
Cultural Interest (CI)



Cultural test A + B

Foreign Films



Cultural test C

# CULTURAL TEST FOR FOREIGN FILM: BLOCK A

TABLE C ART. 1, EIGHTH PARAGRAPH, MINISTERIAL DECREE ON TAX CREDITS	
CULTURAL ELIGIBILITY REQUISITES: FOREIGN FEATURES FILMS	
Requisite	Maximum Score
<b>BLOCK A: CONTENT</b>	
<b>A.1</b> Film script/screenplay adapted from literary work	10
<b>A.2</b> Film script/screenplay concerning a historical, legendary, religious, social, artistic or cultural event	10
<b>A.3</b> Film script/screenplay concerning a celebrity of artistic, historical, religious, social or cultural import	10
<b>A.4</b> Italian or European main characters of the script or of the screenplay	10 (4.6)
<b>A.5.1</b> Film script set in Italy or in other European Countries (up to 30% of screenplay scenes set in Italy 6 points; over 30%, 15 points; minimum threshold: 15% of the scenes) or <b>A.5.2.</b> Outdoor scenes of the film shot in Italy with the aim to valorize artistic, architectural and archeological assets (up to 30% of outdoor scenes contained in the screenplay shot in Italy, 6 points; over 30%, 15 points; minimum threshold: 15% of the scenes)	15 (6)
<b>A.6</b> Original dialogues recorded, post-synchronized or subtitled in Italian or Italian dialect (minimum threshold: 50% of the scenes contained in the screenplay)	5



# CULTURAL TEST FOR FOREIGN FILM : BLOCK B

<b>BLOCK B: CREATIVE TALENTS</b>	
<b>B.1</b> Presence of a filmmaker originating from or citizen of the Countries of the European Economic Space –EES (producer, director, scriptwriter, composer)	8 (max) (2 points for each professional figure)
<b>B.2</b> Presence of a creative talent originating from or citizen of the Countries of the European Economic Space –EES (interior designer, art director, chief make-up artist, costume designer, photography director, line producer, editor, set designer)	8 (max) (1 point for each professional figure)
<b>B.3</b> Presence of at least one lead actor originating from or citizen of the Countries of the European Economic Space – EES	2
<b>B.4</b> Presence of at least two supporting actors originating from or citizens of the Countries of the European Economic Space –EES	2
<b>TOTAL MAX SCORE B</b>	<b>20</b>

# CULTURAL TEST FOR FOREIGN FILM: BLOCK C

<b>BLOCK C: PRODUCTION</b>	
<b>C.1</b> Scenes shot in a studio in Italy (up to 20% of the scenes contained in the screenplay shot in Italian studios, 4 points; over 20%, 8 points)	8(4)
<b>C.2</b> Digital effects in Italy	2
<b>C.3</b> Special effects in Italy	2
<b>C.4</b> Music recording in Italy	2
<b>C.5</b> Sound editing and mixing in Italy	2
<b>C.6</b> Laboratory work in Italy	2
<b>C.7</b> Final editing in Italy	2
<b>TOTAL MAX SCORE C</b>	<b>20</b>
<b>TOTAL OVERALL</b>	<b>100</b>
<b>At least 2 from among requisites A.1, A.2, A.3 and A.5 of Block A are compulsory</b>	
<b>Minimum total score 50/100</b> required for the purpose of enforcing art. 1, paragraph 335, of law no. 244 dated 24 December 2007	

# BUDGET: ELIGIBLE COSTS

All costs as specified, item by item, in table “D” attached to the Decree



**Production costs** up to the master copy (excluding any distribution cost)

**Financial and insurance expenses:** maximum 7,5% of the Production Cost

**Producer fee:** not included

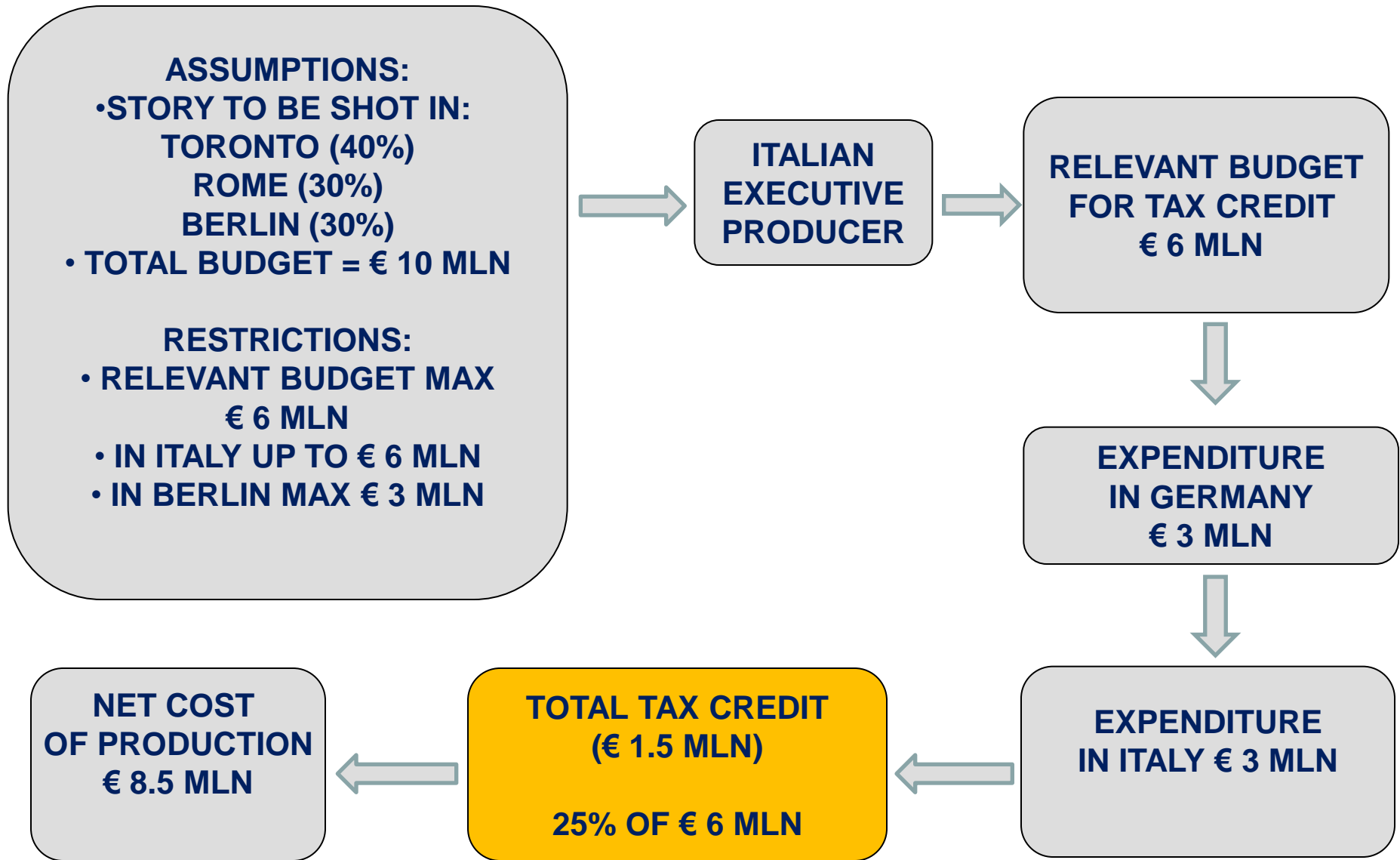
**Production staff costs**, net of social security contribution, not higher than 25% of total cost

**Overhead expenses** (staff and location not involved in the production): eligible in the percentage corresponding to the ratio between number of shooting days and annual days and, in any case, up to a maximum amount of 7,5% of the Production Cost

# HOW TO GET THE TAX CREDIT

- **Tax Credit Preliminary Application to Italian Ministry of Culture (“Mibac”)**: such application to be submitted by IPSC (and countersigned by Foreign producer). The actual use of the tax credit is conditional upon this application;
- **Cultural Eligibility**: Mibac shall confirm if the picture is eligible or not by the end of the month following the date of submission of the preliminary application;
- **Tax Credit Final Application to Mibac**: such application to be submitted by ISPC (and countersigned by Foreign producer) together with a description of the costs incurred by ISPC certified by an independent chartered accountant;
- **Tax credit final amount**: Mibac shall confirm the final amount of the tax credit accrued by the eligible picture within 60 days following the date of submission of the final application

# THE EFFECTIVE SAVING ON THE BUDGET TAX CREDIT FOR FOREIGN FILM



# THE EFFECTIVE SAVING ON THE BUDGET TAX CREDIT FOR COPRODUCTIONS

## ASSUMPTIONS:

- STORY TO BE SHOT IN:  
TORONTO (20%)  
ROME (30%)  
PARIS (50%)
- TOTAL BUDGET = € 10 MLN
- ITALIAN COPRODUCER 50%

## RESTRICTIONS:

- ITALIAN NATIONALITY OF THE FILM
- 80% OF TAX CREDIT TO BE SPENT IN ITALY

ITALIAN  
COPRODUCER

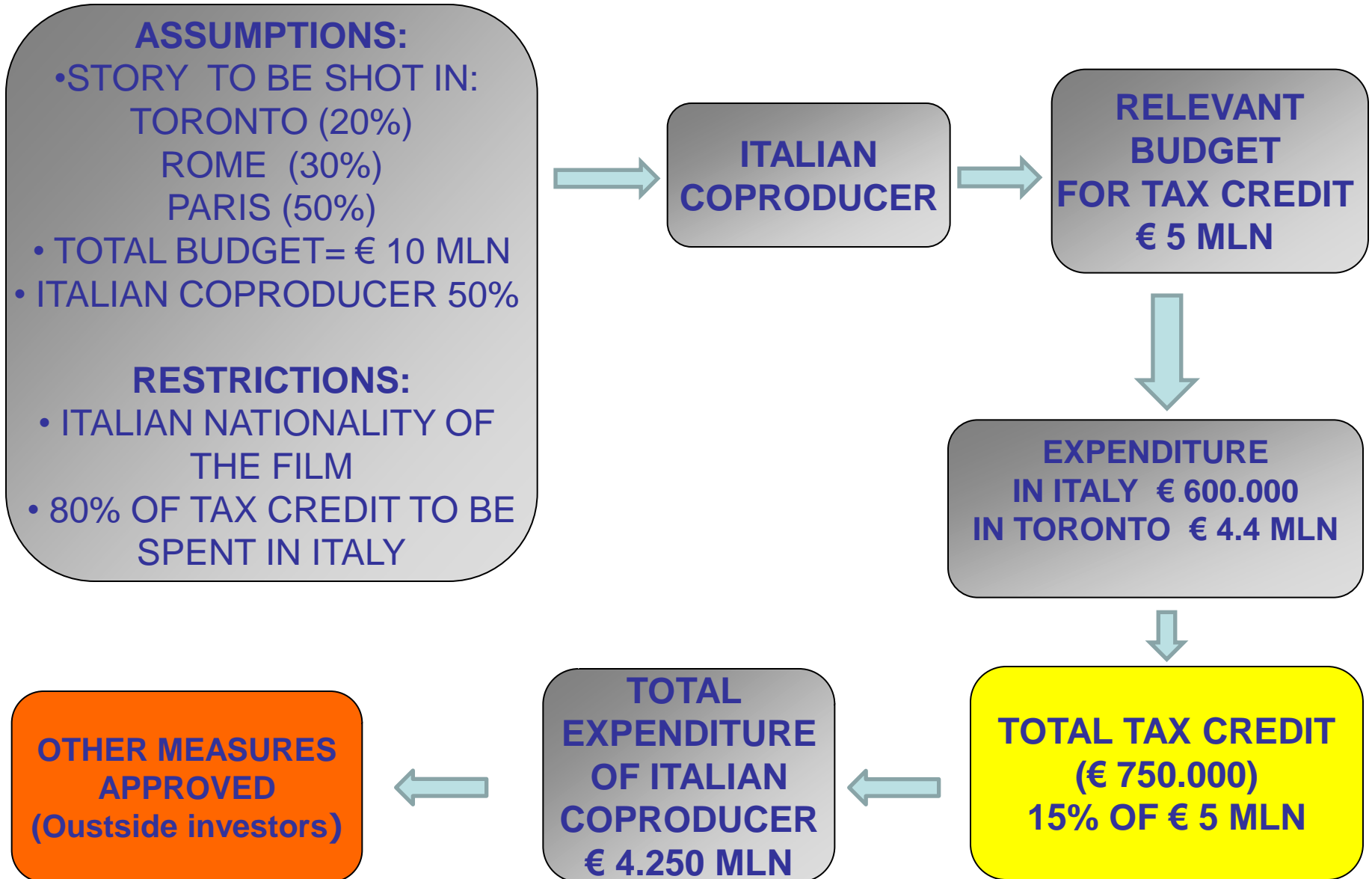
RELEVANT  
BUDGET  
FOR TAX CREDIT  
€ 5 MLN

EXPENDITURE  
IN ITALY € 600.000  
IN TORONTO € 4.4 MLN

TOTAL  
EXPENDITURE  
OF ITALIAN  
COPRODUCER  
€ 4.250 MLN

TOTAL TAX CREDIT  
(€ 750.000)  
15% OF € 5 MLN

OTHER MEASURES  
APPROVED  
(Outside investors)



# WHO CAN BE CONTACTED FOR FURTHER INFORMATION?

Since 2008, ANICA maintains an infopoint to explain the finer points of the Italian Law on tax measures. The Office, Andrea Pietra, Rossella Mercurio and Ludovica Baldan, supports Italian and international professionals providing:

- Information, promotion and workshops;
- Expert assistance on the measures' application;
- Advice on film projects eligibility in order to benefit from tax benefits;
- Implementation of a web page entirely aimed to regulations and international events involving tax affairs.



# **Tax Credit and Funding Office ANICA**

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