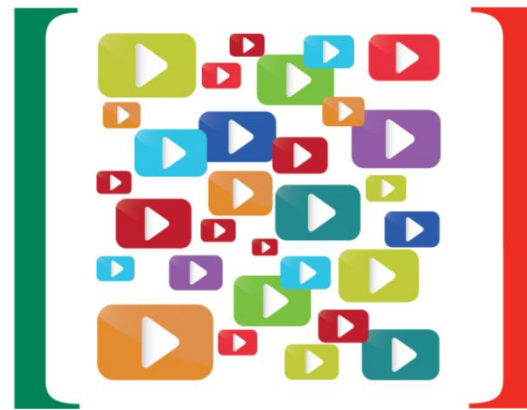


SHOOTING IN ITALY

HIGH QUALITY, LOW BUDGET



Hong Kong – Filmart, 19 March 2013

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

Foreign Films

Foreign Films

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

Benefit grant to: Italian Line Producer

TAX CREDIT RATES AND REQUIREMENTS

Italian Tax Credit Scheme for Foreign Producers



Foreign Films

Rate: **25%** of eligible costs

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

Main conditions:

- 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

COUNTRY	FILMS	TAX CREDIT REQUESTED (ML €)
UK	10	€ 8,86
USA	4	€ 6,47
JAPAN	2	€ 0,57
NETHERLANDS	1	€ 0,77
GERMANY	4	€ 1,00
AUSTRALIA	1	€ 0,15
FRANCE	1	€ 0,15
SPAIN	1	€ 0,02
AUSTRIA	3	€ 0,72
SWITZERLAND	1	€ 0,06
MOROCCO	2	€ 0,15
ALGERIA	1	€ 0,12
BELGIUM	1	€ 1,97

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
BLOCK A: CONTENT	
A.1 Film script/screenplay adapted from literary work	10
A.2 Film script/screenplay concerning a historical, legendary, religious, social, artistic or cultural event	10
A.3 Film script/screenplay concerning a celebrity of artistic, historical, religious, social or cultural import	10
A.4 Italian or European main characters of the script or of the screenplay	10 (4.6)
<p>A.5.1 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)</p> <p style="text-align: center;">or</p> <p>A.5.2. 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)</p>	15 (6)
A.6 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

BLOCK B: CREATIVE TALENTS	
B.1 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.2 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.3 Presence of at least one lead actor originating from or citizen of the Countries of the European Economic Space –EES	2
B.4 Presence of at least two supporting actors originating from or citizens of the Countries of the European Economic Space –EES	2
TOTAL MAX SCORE B	20

CULTURAL TEST FOR FOREIGN FILM: BLOCK C

BLOCK C: PRODUCTION	
C.1 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)
C.2 Digital effects in Italy	2
C.3 Special effects in Italy	2
C.4 Music recording in Italy	2
C.5 Sound editing and mixing in Italy	2
C.6 Laboratory work in Italy	2
C.7 Final editing in Italy	2
TOTAL MAX SCORE C	20
TOTAL OVERALL	100
At least 2 from among requisites A.1, A.2, A.3 and A.5 of Block A are compulsory	
Minimum total score 50/100 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):

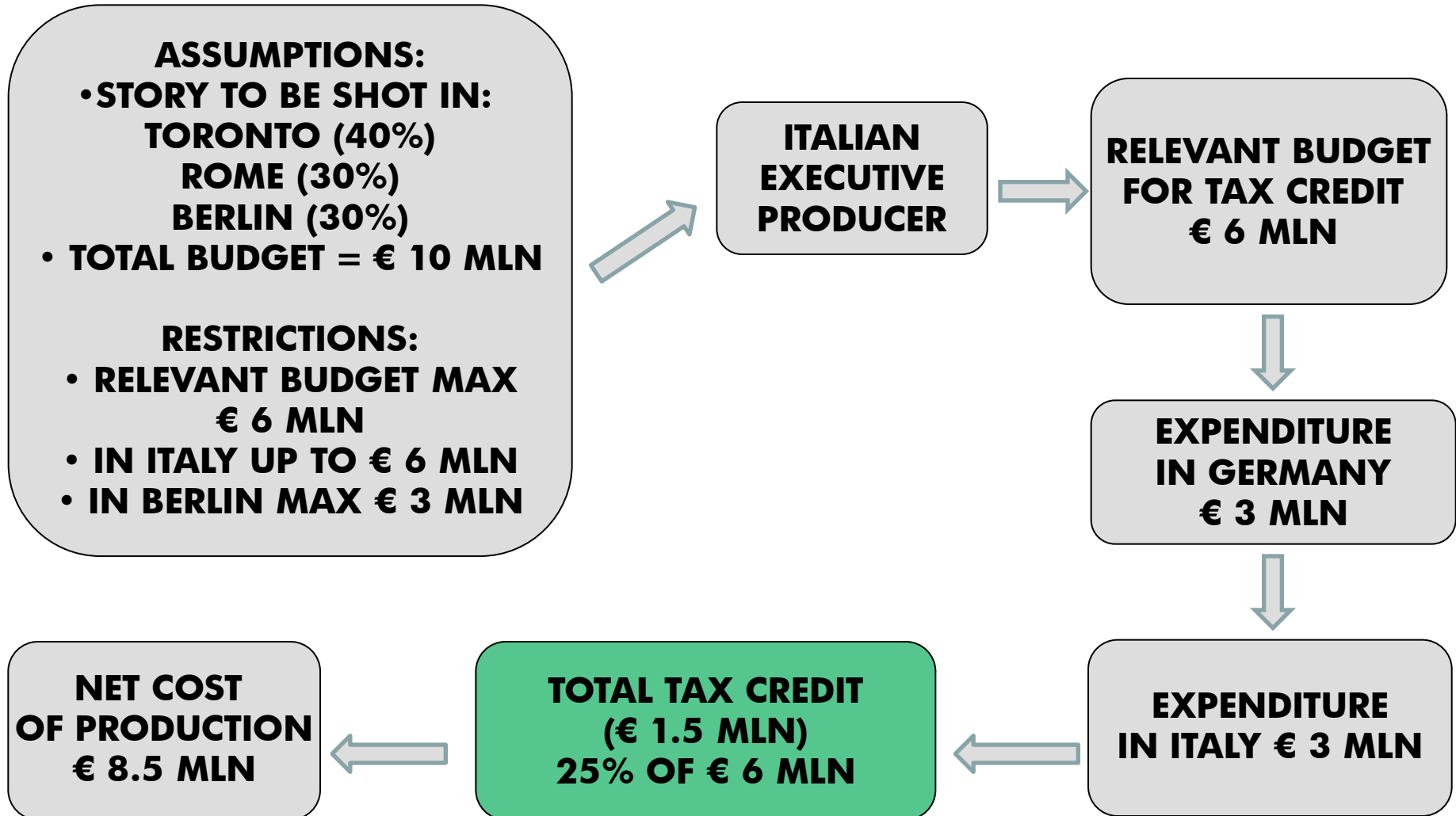
such application to be submitted by IPSC (and countersigned by Foreign producer).
The actual use of the tax credit is conditional upon this application;

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



WHO CAN BE CONTACTED FOR FURTHER INFORMATION?

Since 2008, ANICA holds an info-point to explain the finer points of the Italian Law on tax measures. The Office 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.**

REGIONAL FUNDS IN ITALY - 2013

In Italy, in addition to fiscal incentives in favor of the industry, there are also available both National and Regional direct funds. The National funds (FUS) are intended only for Italian companies. The Regional funds are varied in their objectives, nature, substance, criteria and beneficiaries: some of these are directed towards foreign companies.

For detailed information on each individual measure please refer to the specific area on the ANICA website

<http://www.anica.it/online/index.php/fondi-regionali.html>

Tax Credit and Funding Office ANICA

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