



Filming in Italy: Successful Films in a Successful Incentive's Framework

London, 8 December 2011

Italian Law No. 244/2007

Article 1 Financial Law introduced fiscal incentives for:



FOREIGN FILMS

(Theatrical motion pictures that do not have Italian nationality)

Benefit granted to the film through
the Italian Production Service Company (IPSC)

Tax Credit Benefit & Requirements

Italian Tax Credit Scheme for foreign film



Tax Credit Rate: 25% of eligible production costs

Tax Credit Ceiling: € 5.000.000 per Film (i.e. € 20 M Italy spend)

Eligible Pictures

IN ESSENCE:

- Foreign Pictures qualifying under the cultural eligibility test;
- Cultural eligibility is conditional upon:
 1. a minimum score of 50 (out 100) POINTS;
 2. at least 2 out of the following requirements :
 - A.1. - Story/Script based or derived from a literary work;
 - A.2. - Story/Script is about an historical, legendary, religious, social, artistic or cultural event;
 - A.3. - Story/Script is about a celebrity of artistic, historical, religious, social or cultural relevance;
 - A.5. - Percentage of scenes set or shot in Italy).

Cultural Test: 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: 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: 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

Eligible Companies

ITALIAN PRODUCTION SERVICE COMPANY
(i.e. companies that pay taxes in Italy)

Please note that:

- **IPSC must be able to use the tax credit offsetting its tax debts (even if unrelated to film production).**

Eligible Costs

Eligible Costs are all production costs relating to the film paid through the IPSC

Please note that:

- **Italian eligible production costs must not exceed 60% of Total Budget;**
- **Expenses in other UE countries are eligible up to 30% of the Total Budget;**
- **Financial and insurance expenses: maximum 7,5% of the Production Cost;**
- **Production Service Company fee: NOT ELIGIBLE.**

How to get the Tax Credit

- **Tax Credit Preliminary Application to Italian Ministry of Culture ("Mibac")**: such application to be submitted by ISPC (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

How to use the Tax Credit

**Tax credit can be used to offset MONTHLY any tax debt
(cash equivalent)**



Tax debts include:

- **Local VAT**
- **Corporate Income tax (Ires)**
- **Regional income tax (Irap)**
- **Social contribution (Enpals)**
- **Taxes withheld on labor cost (Irpef)**



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