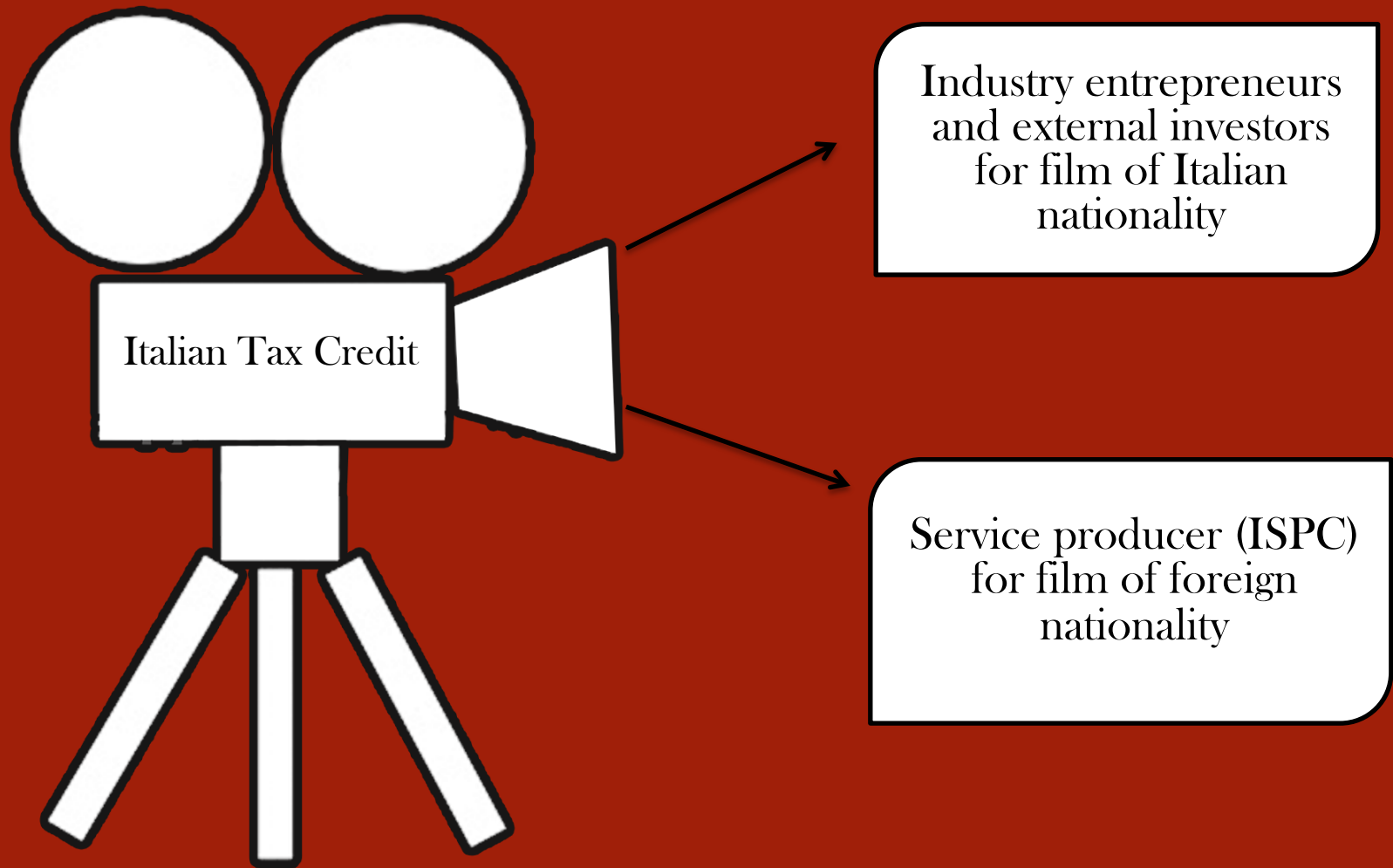




The Italian Film Tax Credit: Key Tools For Success

Italian Tax Credit: What Beneficiaries?



Italian Tax Credit: What Credit?

PRODUCER (IFPC)

- From 15% to 30% of production costs
- Credit cap of 6 Mln/yr
- Italian spend of 80% of tax credit = 12% (15% x 80%) - 24% (30% x 80%) of production costs

DISTRIBUTOR

- Up to 20% of investment in film of cultural interest up to 49% of production costs (max aid intensity of 9,8%)
- Credit cap of 1 Mln/yr
- Italian spend of 80% of investment

EXTERNAL INVESTOR

- Up to 40% of investment in film up to 49% of productions costs (max aid intensity of 19,6%)
- Credit cap of 1 Mln /yr
- Italian spend of 80% of investment



Italian Tax Credit: What Credit?

SERVICE PRODUCER (ISPC)

- 25% of film production costs incurred in Italy
- Italian production costs cannot exceed 60% of film total production costs and
- Italian Production costs include costs spent in EU countries up to 30% of film total production costs
- Credit Cap of 10 Mln/yr per film



Tax Credit Mechanism for IFPC or ISPC

The tax credit granted to IFPC and ISPC

- accrues during production of the film
- may be offset against
 - all types of taxes or fiscal debts of the IFPC and ISPC (Ires, Irpef, Irap, VAT, social security/pension and health contributions, etc.)
 - including all tax liabilities related to the film
 - including future taxes
- is available on a monthly basis

Tax Credit Mechanism for IFPC or ISPC

The tax credit granted to IFPC and ISPC

- Not a credit reimbursement
- Neither a retroactive tax rebate
- But a monthly tax saving during production
= reduction of film production costs
- Not assignable and not tradable ?

Option 1 for Foreign Producer: co-production



FFPC

IFPC

Tax credit from 15% to 30%
total production costs =
IFPC share of co-production
80% tax credit Italian expenditure

Italian film
Access to
additional State funding

Option 2 for foreign producer: Service Production



FFPC

Tax credit 25%
production costs up to 60%
total production costs

ISPC

Foreign film
No Access to
additional State funding