



FILM INCENTIVES IN SERBIA

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The Republic of Serbia continues to encourage creativity in the field of audiovisual production through incentives' allocation to individuals even so in 2023.

This ever-growing market of creativity backed up with the aim of supporting the respective field, is once again vested with a new Regulation on Incentives for Investors to produce Audiovisual Works ('Regulation') adopted in the Republic of Serbia and entered into force as of January 14, 2023.

This regulation is followed with corresponding significant funds dedicated within the state budget for 2023 well-intended for granting incentives to persons/entities on whose behalf and with whose funds the production of audiovisual work in the territory of the Republic of Serbia is financed or co-financed.

The right to grant incentive funds lies with the legal entity and the entrepreneur on whose behalf and funds therewith the production of the audiovisual work in the territory of the Republic of Serbia is financed or co-financed ('Investor'), and in particular:

- in the amount of 25% of qualified costs, or
- in the amount of 30% of qualified costs, provided it is an audiovisual work for the production of which the funds for the realization of the project allocated in the production budget of the Republic of Serbia amount to more than EUR 5,000,000.

whereby the total amount of the allocated incentive funds cannot be higher than 50% of the total amount of funds intended for the respective production of audiovisual work in the Republic of Serbia. With respect to the above incentive grant rights and within the very meaning of Regulation, qualified costs are considered the following:

- i. costs related to the production of the audiovisual work incurred and paid to legal or natural persons in the territory of the Republic of Serbia, which are related to the purchased goods and services provided, the use of locations, the payment of wages to team members who are citizens of the Republic of Serbia or to foreigners who have a residence of at least one (1) year in the territory of the Republic of Serbia, in accordance with the regulations of the Republic of Serbia; and
- ii. costs incurred in connection with the use of goods, i.e. renting of movable and immovable objects can only be recognized if the goods, i.e. movable objects and immovable objects owned by legal or natural persons from the territory of the Republic of Serbia.

The nature of qualified costs is thoroughly regulated under the applicable Rulebook on types and content of the rationale for eligible and non-eligible costs and the form of application for awarding and payment of incentives to the investor who is producing audiovisual work in the Republic of Serbia ('Rulebook').

The incentive funds may be granted for audiovisual work which:

- i. content is not against moral, public order and the public interest of the Republic of Serbia, does not disturb the image of the Republic of Serbia, doesn't promote violation of human rights and hate speech thereof;
- ii. is in a format of feature-length movie, TV movie, TV shows, animated movie and animated tv show, audio and/or visual postproduction of audiovisual work, dedicated movie, feature-length documentary, and documentary tv program, as follows:
 - a. feature-length movie, a TV movie, and feature-length documentary whose runtime is at least 70 minutes, and an animated movie produced for public display, which runtime is at least 5 minutes; TV show with at least 3 episodes and runtime of every episode a minimum of 40 minutes;
 - b. animated show with at least 10 episodes which cumulative runtime is at least 40 minutes;
 - c. documentary tv program which runtime is at least 40 minutes.

- iii. production started or production is continued in the course of a budget year where-
in a request for allocation for incentives is submitted;
- iv. production is fully or partially carried out in the Republic of Serbia, and whose
audiovisual work is of significant artistic and/or cultural value for the art of filmmak-
ing, thus contributes to cultural diversity and pluralism of artistic expression in the
field of cinematography.

Other than the above conditions which audiovisual work is required to meet, it is also mandatory to surpass the requirement of minimum funds allocated in the production budget for the realization of the respective project in the Republic of Serbia, and in particular minimum amounts are as follows:

- i. movie and TV movie: EUR 300,000.00;
- ii. TV show: EUR 150,000.00 per episode;
- iii. animated TV show: EUR 150,000.00 per episode;
- iv. animated movie, audio and/or visual postproduction of an audiovisual work: EUR 150,000.00;
- v. dedicated/particular purpose movie: EUR 150,000.00;
- vi. documentary movie and documentary TV program: EUR 50,000.00.

Having all requirements met, the incentive funds are allocated based on the request for the allocation of incentive funds, submitted to the Commission for the allocation of incentives (hereinafter: Commission), through the Film Center of Serbia. The request for the allocation of incentive funds before the Commission can be submitted by either the Investor or a domestic legal entity/entrepreneur who produces audiovisual work for and on behalf of the Investor in the Republic of Serbia.

Based on a request submitted for granting the incentives, the Commission renders a decision determining fulfillment of pre-conditions and on grounds therewith, the ministry responsible for cultural affairs proceeds with execution of a respective agreement on granting the incentives with the applicant (i.e. with the Investor or an entity acting on Investor's behalf).

Thereafter, the request for payment of incentive funds is submitted to the Commission through the Film Center of Serbia, within 45 days after the production of the audiovisual work on the territory of the Republic of Serbia is concluded.

Finally, the granted incentive funds are paid, on grounds of the abovementioned request and within 60 days from the finality of the decision of the ministry responsible for cultural affairs and are transferred to a special purpose account held with the Treasury Department.

The whole system of incentive support which is carried out under Serbian regulation and propelled by the Ministry of Culture and Film Center of Serbia really comes along with the idea of not only attracting foreign investors but also creating a great environment with a secondary financial boost to Serbian residents and others performing business activities within the creative field, stretching from production to multiple original works and engagements such as original screenplay writers, actors, film crew and others representing this very industry.

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