

# Tax Incentives

## International Shootings



Spain offers tax incentives for international films and TV series which, in addition to the benefits offered by this country and its audiovisual industry, make it one of the most competitive destinations of the area. The current applicable legislation in Spain is: Article 36.2 Law 27/2014 dated the 27th of November, on Corporation Tax 'Rebates for investments in film and series audiovisual productions, live performances and musical shows'. (Last updated on May 6, 2020).

In any case, these incentives are applicable to any Spanish producer registered on the Ministry of Culture and Sport's Film Company Register in charge of the foreign production. This means that the "service company" takes responsibility of the executive production and carries out the tax procedures needed to opt for the tax rebate.

### General Incentives 30% - 25% Tax Rebate

- **Foreign production types:** Feature length films, tele vision series, animated films and documentaries.
- **Beneficiaries:** Producers registered in the Registry of Cinematographic Companies of the Institute of Cinematography and Audiovisual Arts of Spain.
- **Minimum expense incurred in Spain:** € 1 million / € 200.000 for pre-production and post-production expenses for animation and VFX made in Spanish territory.
- **The maximum rebate limit:** is 20 million euros for feature films and 10 million euros for TV series (per episode)
- **Eligible expenses:** The expenses of creative staff, with tax residence in Spain or in a member state of the European Economic Area, and the expenses derived from the use of technical industries and other suppliers.

### Procedure and Timing

- The refund must applied by the Spanish company 'line service' during the month of July of the year after the end of filming.
- The right to request the Tax Rebate belongs to the Line Service. The timing for this request is the following fiscal year to the year of shooting. That is, when the Line Service fulfill the company income tax applications form, (July). E.G.: end of shooting in '21 — tax rebate will be requested in July '22.
- The refund of the Tax Rebate should be within the next six months after the submission of the company income tax application form. If there is a delay, financial interest will be accrued. E.G.: end of shooting in '20 — the tax rebate refund shall take place from January '22.
- Tax Rebate could be financed by a Spanish Bank.



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## National Shootings and Coproductions



Spanish productions and international co-productions can gain access to tax credit on Corporation Tax once they have obtained their Spanish nationality and cultural certificates issued by the ICAA, and once a copy of the production has been deposited at the Spanish Film Archive or in a film library officially recognised in an Autonomous Community.

### General Tax Regimen

The current applicable legislation in Spain is: Article 36.1. Law 27/2014 dated the 27th of November, on Corporation Tax. (Last updated on May 6, 2020). Tax Credit for investment in film and series audiovisual productions, live performances and musical shows. The laws which regulate these incentives can change every year, so it is worth finding out what, if any, aspects have changed, during the year you are making the investment. Summary of the article:

- Spanish investments in film and audiovisual production are often carried out via an EIG (Economic Interest Grouping) which is set up as the film's producer. These investments give the producer the right to a tax credit of 30% of the first million Euros, and 25% if the investment is higher.
- The base for the deduction is equal to the total production cost plus the cost of copies, advertising and promotion financed by the producer (with a 40% limit of the production cost).
- The law establishes a territorial requirement and 50% of the deduction base must correspond to the expenses incurred in Spain.
- The cost of the deduction is 20 million euros for feature films and 10 million euros for TV series (per episode)
- In the case of a co-production, the amounts will be determined for each co-producer, according to their respective share-percentage of the co-production.

### Procedure and Timing

- The amount of this deduction, together with the rest of the aid received, may not exceed 50 percent of the cost of production. (Except in some cases established in the regulation)
- The law includes further details which are not listed here, so we do recommend you to read Article 36.1 in its entirety as well as the replies posted by the Inland Revenue Agency in response to the binding queries.

