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# *TAX CREDIT FOR INTERNATIONAL PRODUCTIONS*



The Italian Law provides a competitive tax credit for international productions, which can now access significant fiscal benefits when shooting in Italy. The Italian tax credit is available as a monthly tax deduction, paid in Italy through a local executive producer. More specifically:

- **BUDGET:** €400 million for 2024
- **TAX CREDIT RATE:** 40% tax credit of the eligible cost of the production. A 30% rate applies to above-the-line costs related to non-European subjects only;
- **ELIGIBLE PROJECTS:** all types of audiovisual works are eligible for the tax credit (feature films, documentaries, animation, series, etc.). The work must pass a cultural test.
- **ELIGIBLE ACTIVITIES:** all forms of production activities are eligible for the tax credit. Shooting in Italy is not mandatory; post-production activities also qualify;

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- **ELIGIBLE COMPANIES:** Italian line producers who have secured a production contract with a foreign production company. The Italian producer must hold no rights to the work. However, under certain conditions, the DGCA can remove the ban on executive production and post-production companies owning rights to the audiovisual work;
- **MINIMUM SPENT:** Production companies must spend at least **250.000 €** in Italy;
- **CAP:** A maximum of **€20 million** per year per company, allocated through an Italian executive producer. There is no maximum limit per work. In any case, the national production tax credit, when used by the same company, is not included for the purposes of calculating the limit of **€20 M** per year;

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- **ELIGIBLE COSTS:** all production costs are considered eligible for the tax credit, with the following limitations:
  - personnel costs regulated by national collective labour agreements are eligible, for every employee, within the limits set out in the collective agreements stipulated by the most representative employers' and trade unions' associations, increased up to a maximum of **20%**;
  - above the line Costs are eligible up to **30%** of the production costs;
  - costs incurred in Italy relating to the use of artificial intelligence are considered ineligible, except for the use of artificial intelligence for special effects relating to the item "Main actors" (this provision concerns only the Italian executive producer);
  - financial, insurance and guarantee costs may be considered up to a maximum of **7.5%** of the overall production cost;
  - producer fees and general company expenses are not eligible;

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- **TRANSFERABILITY:** the tax credit can be transferred to banks, thus converting it into a direct contribution;
- **APPLICATION PROCESS:** Italian line producer can apply for the tax credit starting from 90 days before shooting and up to 180 days after the production process in Italy is completed. They can choose to apply for provisional recognition (if they are about to start the operation process in Italy or are still working on it) or for final recognition, once the production process is completed.
  - If they apply for a provisional recognition, the whole amount of the tax credit will be assigned but they can use up to 70% of it 30% will be available after the completion of the production process in Italy, once the final recognition is approved;
  - If the producer chooses to apply for the tax credit after the completion of the production process, they can immediately use 100% of the tax credit;

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- The tax credit is granted ten days after the following conditions have been met:

- The work has passed the cultural test;
- The credit has been granted.
- The expenses have been verified.

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- OTHER ASPECTS:

- There is now an obligation to communicate the stages of the work carried out in Italy using artificial intelligence, in addition to the obligation to include specific clauses in the contracts between Italian executive production or post-production companies and writers, interpreters and performers of the work that permit their refusal to consent to the exploitation of their work/image/professional performance by artificial intelligence systems.
- Applicants must operate in compliance with the protocol against harassment and violence in the workplace in the film and audiovisual sector signed by the largest employer and trade unions.
- Payment for the process costs is now required.