

Pursuant to Article 7 of the **Regulation on Investor Incentives for the production of audiovisual works in the Republic of Serbia** ("Official gazette of RS" no. 3/21, hereinafter: Regulation),

the Republic of Serbia

MINISTRY OF CULTURE AND INFORMATION

announces the permanently open

PUBLIC CALL FOR AWARDING INCENTIVE FUNDS TO THE INVESTOR WHO IS PRODUCING AN AUDIOVIUSAL WORK IN THE REPUBLIC OF SERBIA

Incentive funds to the investor who is producing an audiovisual work in the Republic of Serbia are awarded for the purpose of encouraging activities related to the audiovisual production in the Republic of Serbia, cultural and economic activities, through increased employment in audiovisual production, as well as promoting the potential of the Republic of Serbia in the industry, i.e. its infrastructure, production and services industries.

I AMOUNT OF INCENTIVIE FUNDS

Incentive funds are awarded to the Investor as non-refundable, in manner of recovering part of the eligible costs incurred in the Republic of Serbia.

Incentive funds are awarded in the amount of 25% of eligible costs, all in accordance with the independent auditor's report on the production costs of the audiovisual work in the Republic of Serbia.

Exceptionally, and under condition that for realization of an audiovisual work were awarded incentive funds in the amount higher than EUR 5.000.000 in the production budget, incentive funds are awarded in the amount of 30% of eligible costs, all in accordance with the independent auditor's report on the production costs of the audiovisual work in the Republic of Serbia.

Bodies and organizations of the Republic of Serbia, autonomous regions, i.e. bodies and services of local governments, publicly owned companies, funds and directorates, institutions and legal entities established by the Republic of Serbia, by autonomous regions or by local authorities shall not have the right to be awarded with incentive funds in accordance with this Regulation. Same applies for legal entities that are, in terms of the law governing the budget system, users of public funds thereto.

Legal entities established by the Republic of Serbia, autonomous regions and local authorities, i.e. legal entities that are users of public funds, may exercise the right to receive incentive funds in accordance with this Regulation, provided that the audiovisual work is financed from own revenues only, i.e. that it is not financed by funds which, in the sense of the law regulating the budget system, represent public funds.

In the event the Republic of Serbia, autonomous region and unit of local governments, through the competent authorities, and the legal entity that manages and/or disposes of public funds, has granted state aid for the production of an audiovisual work in any form, the total amount of state aid and incentive funds awarded under this Regulation may not exceed 50% of total amount of funds intended for the production of an audiovisual work in the Republic of Serbia.

Incentive funds allocated for a special-purpose film are awarded in the amount of 20% of eligible costs, provided that the total amount of approved funds awarded over three consecutive fiscal years does not exceed the prescribed maximum amount of state aid of small value (de minimis state aid) in accordance with the regulations governing the rules for granting state aid.

The following is recognized as eligible costs:

- 1) costs related to the production of the audiovisual work that have been incurred and paid to legal or natural persons in the territory of the Republic of Serbia in connection with the procured goods and provided services, use of locations, payment of fees to members of the team who are citizens of the Republic of Serbia or foreigners who have a stay of at least one year in the territory of the Republic of Serbia, in accordance with the regulations of the Republic of Serbia;
- 2) costs incurred in connection with the use of goods or the renting of movable and immovable property can only be recognized if the goods or movable and immovable property are owned by legal or natural persons from the territory of the Republic of Serbia.

Costs that are specifically not recognized as eligible costs incurred in connection with the production of audiovisual works are: marketing costs, costs related to the purchase of a real estate, distribution costs and costs of value added tax.

The types and contents of the explanation of eligible, as well as non-eligible costs and forms of the application for awarding and payment of incentive funds, are regulated in more detail by the Minister in charge of cultural affairs.

II USER OF INCENTIVE FUNDS

The user of incentive funds may be a legal or natural person for whose account and whose funds are used to finance, i.e. co/finance the production of an audiovisual work in the Republic of Serbia (hereinafter: the Investor).

The applicant for the awarding and payment of incentives (hereinafter: the Applicant) is the Investor or a domestic legal or natural person who produces an audiovisual work on behalf of the Investor in the Republic of Serbia.

The right to incentive funds is unavailable to an Investor, i.e. Applicant:

- 1) against whom a previous bankruptcy proceeding, reorganization or liquidation has been initiated, pursuant to regulations governing bankruptcy and liquidation thereto;
- 2) who has due and outstanding obligations on the grounds of public revenues in the Republic of Serbia and other financial obligations towards the Republic of Serbia.

III AUDIOVISUAL WORK WHOSE PRODUCTION ENTITLES THE AWARDING OF INCENTIVE FUNDS

The condition that the Investor has to fulfill in order to exercise the right to be awarded with incentive funds is to, for the purpose of producing an audiovisual work, allocate funds in the production budget for realization of the project in the Republic of Serbia, in an amount greater than the minimum funds for a specific format:

- 1) for a feature film and TV film: 300,000.00 EUR;
- 2) for a TV series: 150,000.00 EUR, per episode;
- 3) for an animated TV series: 150,000.00 EUR, per episode;
- 4) for an animated film, audio and/or visual post-production of an audiovisual work: 150,000.00 EUR;
- 5) for a special-purpose film: 150,000.00 EUR;

6) for a documentary film and documentary TV program: 50,000.00 EUR.

The entitlement to incentive funds can be achieved for the production of:

- 1) a feature film, TV film, feature-length documentary film and feature-length animated film that last at least 70 minutes and an animated movie intended for broadcasting which lasts at least five minutes;
- 2) a TV series comprised of at least three episodes, under condition that each episode lasts at least 40 minutes;
- 3) animated series comprising of at least 10 episodes lasting at least 40 minutes in total;
- 4) a documentary TV program lasting at least 40 minutes.

Incentive funds can be awarded for an audiovisual work:

- 1) that does not have content contrary to the moral, public order and public interest of the Republic of Serbia, does not violate the reputation of the Republic of Serbia, does not promote violation of human rights and hate speech;
- 2) which is in the format of a feature film, TV film, TV series, animated film and animated series, audio and/or visual post-production of an audiovisual work, special-purpose film, feature-length documentary film and TV program documentaries;
- 3) whose production has been commenced or whose production continues during the budget year in which the request for incentive funds is submitted.

The production of an audiovisual work must take place in accordance with the production calendar and shooting plan, and the Applicant shall notify the Committee for Awarding Incentive funds on any deviations from the submitted production calendar and shooting plan within seven days counting from the start of any such deviation thereto.

IV APPLICATION FOR AWARDING OF INCENTIVE FUNDS

The application for the awarding of incentive funds is submitted to the Committee, through Film Centre Serbia, on the basis of the Public Call and includes the submission of the following documentation:

- 1) filled out prescribed application form for the awarding of incentive funds to an investor who produces the audiovisual work in the Republic of Serbia;
- 2) synopsis and script of the audiovisual work, synopsis when it's a postproduction, or only project description for a special-purpose film;
- 3) list of the important members of the team for the production of an audiovisual work (director, actors, etc.);
- 4) presentation of the production budget, showing the part of the budget for production in the Republic of Serbia expressed in dinars;
- 5) statement that the audiovisual work meets the requirements provided under Article 4 of this Regulation;
- 6) calendar of production of the audiovisual work in the Republic of Serbia;
- 7) shooting plan for the audiovisual work in the Republic of Serbia;
- 8) evidence that there are no grounds for refusal under Article 5 of this Regulation (Certificate of the Tax Administration, Business Registers Agency or any other competent register thereto);
- 9) statement on the start of production of the audiovisual work in the Republic of Serbia;
- 10) statement as to whether de minimis aid has been received for the costs referred to in Article 2, Item 3) of this Regulation, or for any other expenses in the current fiscal year and in the previous two fiscal years, or a statement whether the same project received any other state aid from any level of government and on what basis;
- 11) agreement based on which the audiovisual work is being produced in the Republic of Serbia in the name and on behalf of the Investor, or any other valid proof that the paid incentives will accrue to the Investor, provided that the Applicant is a domestic legal or natural person who produces the audiovisual work in the Republic of Serbia on behalf of the Investor;
- 12) certified statement that the data in the documents are accurate and true;

The application and accompanying documents are submitted in the Serbian language or in a foreign language with a certified translation into the Serbian language.

The Applicant is obliged to prove that, on the day of submitting the application, at least 20% of the funds envisaged for the cost of production of the audiovisual work in the Republic of Serbia has been provided.

At the request of the Committee, the Applicant is obliged to submit other information and documentation of importance for the awarding of incentive funds.

V AGREEMENT ON AWARDING INCENTIVE FUNDS

The Ministry executes and signs the Agreement on Awarding Incentive funds (hereinafter: the Agreement) with the Applicant, within the scope of funds planned for these purposes by the Budget Law of the Republic of Serbia for the current budget year and in accordance with the provisions of the Budget System Law ("Official gazette of the Republic of Serbia", no. 54/09, 73/10, 101/10, 101/11, 93/12, 62/13, 63/13 -correction, 108/13, 142/14, 68/15 -other law, 103/15 , 99/16, 113/17, 95/18, 31/19, 72/19 and 149/20), under section regulating the responsibility for taking over obligations.

The Agreement regulates in more detail manner the deadlines, rights and obligations of the parties thereunder.

Pursuant to Article 10 and Article 16 of this Regulation, the documentation attached to the application is considered as an integral part of the Agreement thereof.

The Agreement is executed under following termination conditions and shall be deemed terminated:

- if there has been a deviation from the submitted shooting plan and calendar for more than 30 days or any other significant deviation in the realization of the audiovisual work;
- if the Committee, during the procedure of reviewing the application for payment of incentive funds, determines that all the prescribed conditions have not been met;
- if bankruptcy, liquidation or reorganization procedures are initiated against the Investor or the Applicant.

Agreement may be terminated by written consent of parties thereunder before an expiration of the agreed deadline due to an objective inability to fulfill contractual obligations (e.g. force majeure, administrative measures, etc.) occurring on the side of one or both parties thereto, or in other case pursuant to provisions of the law regulating contracts and torts.

The Ministry shall pay the approved amount of incentive funds if all the obligations provided under Regulation and the Agreement have been fulfilled.

VI APPLICATION FOR PAYMENT OF INCENTIVE FUNDS

The application for payment of incentive funds shall be submitted to the Committee within 45 days after completion of the production of the audiovisual work in the territory of the Republic of Serbia.

In case the production of the audiovisual work in the territory of the Republic of Serbia was finished before execution of the Agreement on awarding incentive funds under Article 13 of the Regulation, 45 days deadline for application for payment of incentive funds, counts from the day of execution of that Agreement.

The application for payment of incentive funds shall be submitted to the Committee through Film Centre Serbia, in the prescribed form, accompanied by the following documentation:

- 1) an excerpt from the register maintained by the Business Registers Agency or any other competent register thereto;
- 2) an independent auditor's report on the cost of production of the audiovisual work in the Republic of Serbia and the operations of the Investor, made for the purpose of submitting the application for payment of incentives in accordance with this Regulation and the Rulebook, and which is compiled on the basis of the complete record of production costs and total funds spent on the territory of the Republic of Serbia, as well as the evidence confirming these costs (invoices, contracts, bank statements from commercial banks with indication of payment made, etc.). The audit report shall be prepared on the basis of verification of all eligible costs included and cannot be grounded on the sampling method, i.e. review only of certain documents;
- 3) number of special purpose account held with the Treasury Department to which payment of incentive funds is to be made;

- 4) a certified statement that the production of the audiovisual work in the Republic of Serbia has been completed, and that the conditions prescribed under Article 20 of this Regulation have been fulfilled;
- 5) a certified statement that the data in the documents is correct and true.

The independent auditor's report shall determine the amount of costs qualified for the incentive funds.

At the request of the Committee, the Applicant is obliged to submit other data and documentation relevant to the payment of incentive funds.

VII SUBMITTING THE APPLICATION FOR AWARDING AND THE APPLICATION FOR PAYMENT OF INCENTIVE FUNDS

The application for awarding and the application for payment of incentive funds made on prescribed forms 1 and 2, as well as supporting documents, are delivered in the Serbian language or a foreign language with a certified Serbian translation, to the address:

FILM CENTRE SERBIA, Koce Popovica Street no. 9/III, 11000 Belgrade

Accompanying documentation must also be delivered in CD or DVD format.

VIII ADDITIONAL INFORMATION

The required documentation can be downloaded on the websites of the Ministry: www.kultura.gov.rs and Film Centre Serbia www.fcs.rs : Regulation on Investor Incentive for the production of audiovisual works in the Republic of Serbia, Rulebook on the types and content of rationale for eligible and non-eligible costs and the form of application for payment of incentives to the investor who is producing an audiovisual work in the Republic of Serbia, as well as Form number 1 and Form number 2 which define in more detail all important elements and rules of participation in this Public Call.

**Information necessary for participation in the Public Call may be obtained at the Film Centre Serbia:
011/26 25 131**