

1203/2023

## Government Decree on the payment of compensation for audiovisual productions for 2024–2026

By decision of the Government, the following is enacted under section 8 of the Act on Discretionary Government Grants (688/2001):

### Section 1

#### Scope of application

This Decree lays down provisions on the granting, payment and use of cash rebate granted for audiovisual production, in accordance with the State budget, by Innovation Funding Agency Business Finland hereinafter referred to as Business Finland.

The cash rebate is considered aid compatible with the internal market in accordance with Article 54 of EU Commission Regulation (EU) No 651/2014, hereinafter the General Block Exemption Regulation, issued in accordance with Articles 107 and 108 of the Treaty. Provisions on the granting, payment and use of such aid are laid down in the said Decree.

### Section 2

#### Definitions

For the purposes of this Decree:

1)

cash rebate

means the part of production costs paid in arrears to the recipient, on the basis of actual costs, in accordance with this Decree.

2)

1) aid intensity;

means the gross amount of aid expressed as a proportion of the eligible costs of the project.

### Section 3

#### General terms and conditions of the granting of cash rebate

Cash rebate can be granted, paid and used for audiovisual production performed in Finland, for which a sufficiently detailed production and financial plan has been drawn up for the purposes of the reliable monitoring of the project. The recipient of the compensation must have the consent, in advance, of Business Finland for any fundamental deviations from the production and financial plan.

Cash rebate cannot be granted to companies in difficulties as referred to in Article 2 (18) of the General Block Exemption Regulation.

Cash rebate cannot be paid to a company which has been issued with an unpaid recovery order based on an earlier decision by the Commission, whereby the aid has been declared unlawful and incompatible with the internal market.

Cash rebate can only be granted for activities that occur after a funding application has been made.

#### Section 4

##### Recipient of cash rebate

An agreement that guarantees distribution must be drawn up for any production eligible for cash rebate.

Cash rebate cannot be granted to state, municipal or parish authorities or institutions, state majority-owned companies, or organisations or institutions comparable to the above.

Cash rebate cannot be reserved for certain production activities or parts of the production value chain. Cash rebate cannot be granted for film studio infrastructure.

Cash rebate cannot be granted to a natural person.

#### Section 5

##### Object of cash rebate

Compensation shall be allocated to cultural products. Films and other audiovisual programmes are considered eligible for aid, if:

- 1) they form an integral artistic whole;
- 2) their content is based on cultural values, whose origin lies in cultural identity; and
- 3) they include a significant contribution by creative and performing artists whose salaries and fees form a significant part of the production costs.

#### Section 6

##### Eligible costs

Eligible costs include all costs directly incurred in Finland from the production of an audiovisual work, including pre-production and post-production. Costs incurred in Finland refer to the purchase of goods and services from companies liable to pay tax in Finland and salaries as well as trade income paid to employees likewise liable to pay tax in Finland. Eligible costs also include costs incurred in Finland from making the work in question better available to persons with disabilities. The value added tax included in such costs is not considered an eligible cost.

#### Section 7

##### Minimum production expenditure in Finland and minimum size of total budget

A precondition for cash rebate is that the production receiving aid fulfils the requirements set by Business Finland for the minimum expenditure in Finland and the minimum total production budget. The amount of eligible costs incurred in Finland, as referred to in section 6, may be a maximum of 80 per cent of the total production budget.

#### Section 8

##### Maximum amount of cash rebate

With respect to the production of an audiovisual work, and the pre-production and post-production phases, cash rebate can be paid for a maximum of 25 per cent of production performed in Finland, or the part of such production costs that constitutes eligible aid. If a film or other audiovisual work is created

based on a manuscript or project resulting from the pre-production phase, the pre-production costs must be included in the overall budget and must be taken into account when calculating the aid intensity.

If other state aid is granted for the production of the audiovisual work, the total aid intensity calculated on the basis of the other aid and any compensation granted under this Decree may not exceed the maximum aid intensity, determined in accordance with Article 54 of the General Block Exemption Regulation, with respect to the same eligible costs. The provisions on the accumulation of aid are laid down in Article 8 of the said Regulation.

## Section 9

### Entry into force

This Decree enters into force on 1 January 2024 and will remain in force until 31 December 2026.