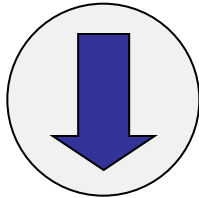


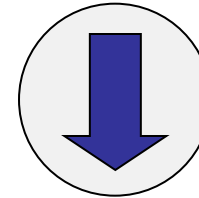
Tax Credit



**a credit
against taxes**

**Possibility of offsetting
tax liabilities (IRES, IRPEF, IRAP, VAT,
and social security and
insurance contributions)
with credit matured following
investment in film**

Tax Shelter



**tax reductions
for business
profits**

**Possibility of benefitting from a
tax shield for the portion of profits
invested in the production of
films**

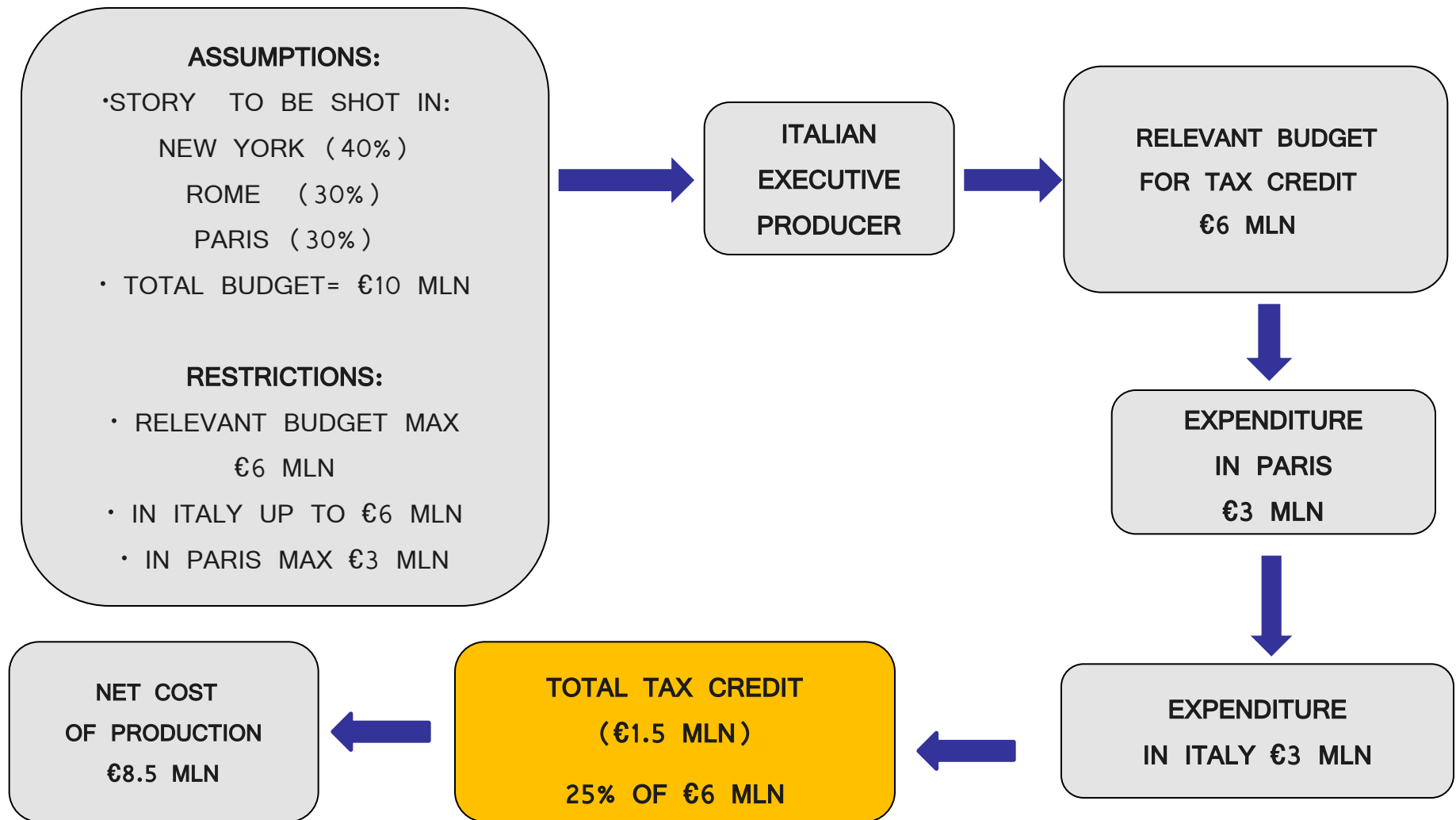
THE TAX CREDIT FOR PRODUCTION OF FOREIGN FILMS

- For Italian Executive Production/Service
- Tax credit percentage: 25%, to be calculated based on Italian expenses, which shall not exceed 60% of the total cost of the film (tax credit cap €5mln per film)
- Expenses sustained in other EU countries up to a maximum of 30% of the total cost of the film are also eligible
- Obligation to certify the costs sustained

INTERNATIONAL COPRODUCTIONS

- The film is considered an Italian film
- The Italian producer may request the tax credit only for the percentage of rights that belong to him (even in the case in which the same producer is also the Executive Producer of the entire film)
- Tax credit percentage: 15%, to be calculated based on the percentage of total cost corresponding to the percentage of rights which the Italian producer can claim

AN EXAMPLE OF A TAX CREDIT FOR A FOREIGN FILM



AND FOR INTERNATIONAL COPRODUCTIONS

ASSUMPTIONS:

- STORY TO BE SHOT IN:
NEW YORK
ROME
PARIS
- TOTAL BUDGET= €10 MLN
- ITALIAN COPRODUCER 50%

RESTRICTIONS:

- ITALIAN NATIONALITY OF
THE FILM
- 80% OF TAX CREDIT TO BE
SPENT IN ITALY

ITALIAN
COPRODUCER

RELEVANT
BUDGET
FOR TAX CREDIT
€5 MLN

EXPENDITURE
IN ITALY €600,000
IN NEW YORK €4.4 MLN

TOTAL TAX CREDIT
(€ 750.000)
15% OF €5 MLN

TOTAL
EXPENDITURE
OF ITALIAN
COPRODUCER
€4.250 MLN

OTHER MEASURES
APPROVED
(External Investors)

WHAT ARE THE REQUIREMENTS FOR INVESTING IN A FILM AND BENEFITTING FROM THE TAX CREDIT?

- Amounts for Italian films
- Equity Interest or Profit Sharing Contract (articles 2549 and 2554 of the Italian Civil Code)
- The total amounts for External Investors, for each work, must not exceed 49% of the cost of production
- The total percentage of rights to profits for External Investors must not exceed 70% of total revenues for the producer