

Funding for films and audio-visual works in Central and Eastern Europe

Bulgaria, Croatia, Czech Republic, Hungary, Poland,
Romania and Slovakia

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Introduction

The Central and Eastern European region has truly become a hub for film production in recent years and we expect this trend to continue.

Low production costs, state of the art infrastructure and a skilled workforce have all contributed towards this and, in addition, governments are highly supportive and aim to encourage investors willing to make their films in CEE.

CMS is a full service law firm with sizeable offices in all of the countries covered by this guide. We have advised many investors over the past few years and so we decided to create this quick guide to provide some basic information on the funds available in CEE.

We cover seven CEE jurisdictions: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and the Ukraine and provide answers to key questions such as:

- What kind of incentives are available: cash rebates, subsidies, tax credit or others?
- What are the main rules for receiving support?
- What is the procedure?

We hope you find the guide useful. Contact details of our experts are available at the end of this publication. Please do not hesitate to contact us with any questions you may have.



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Bulgaria

Bulgaria is an established filmmaking destination where ancient history, stunning scenery, and a dynamic cinematic landscape come together. With skilled crews, modern studios, and cost-effective production services, it is the perfect place to bring both historical epics and contemporary stories to life. Bulgaria applies state aid schemes to support the growing interest of foreign studios in film production.

State funding for audio-visual works in Bulgaria is provided through state aid schemes for: (i) Reimbursement of film and TV series production costs (Cash Rebate); (ii) State aid for film production, co-production, and TV series production; (iii) State aid for film distribution; and (iv) State aid for the promotion and theatrical distribution of films.

The state aid schemes are set out in the Film Industry Act (“**FIA**”) and are administered by the National Film Centre (“**NFC**”), an Executive agency at the Ministry of Culture.

Cash rebate: Reimbursement of Film and TV series production costs

The Cash rebate is available for the following **eligible film/TV series categories**:

- Feature films with a running time of more than 70 minutes
- Documentary films with a running time of more than 60 minutes or documentary series with a running time of more than 40 minutes per episode
- Animated films or animated series with a total running time of more than 24 minutes
- TV films or films streamed on an online platform with a running time per episode of over 70 minutes or TV/ Streaming platform series with a running time per episode of over 40 minutes.

– Criteria for eligibility:

The productions must meet the following criteria for eligibility:

- Meet the cultural criteria
- Be wholly or partly produced on the territory of Bulgaria.
- Be intended for public release or broadcasting.
- Meet the minimum expenditure criteria in Bulgaria as set out in the FIA.

– Cash Rebate:

The cost recovery is limited to **up to 25%** of all eligible production costs for goods and services supplied in Bulgaria, provided that the eligible production costs do not exceed 80% of the total production budget.

– Eligible Applicants:

The eligible rebate applicant must be:

- a legal entity that is registered under Bulgarian, EU or

EEA Member State, Swiss law, or the law of a third country, provided it has been registered for at least two years prior to the application..

- producing a film or a TV series
- entered into the register maintained by the National Film Center NFC
- able to prove that in the five years leading up to the application, it has produced entirely or partially at least one film or TV series which was distributed in cinemas, broadcast or made available in the catalogue of an on-demand service; or shown at least once at an international festival.

The rebate application must be submitted by (i) a producer or co-producer who has acquired the copyrights to the script; or (ii) a film production service provider engaged by a producer holding the copyrights to the script. In the case of co-productions, the rebate applicant may be the co-producer registered under Bulgarian law for the purpose of films or TV series production. If none of the co-producers is registered under Bulgarian law, the foreign producer may use a Bulgarian film production service provider to act as the rebate applicant.

Productions are not eligible for Cash Rebate where, for example: the production damages the reputation of Bulgaria; contain elements of a pornographic nature; or where the production falls into non-eligible categories (e.g. daily dramas, situation comedies, sport programmes, etc.).

State subsidies for film production, co-production and TV series production

– National Film production

State subsidies are available for the production of: (i) Bulgarian feature, documentary, animation and debut films; (ii) films co-produced Bulgarian National Television or other national TV operators; (iii) script writing; and (iv) other film production activities.

– Cross-border Film Co-production

State subsidies are also available for film co-productions with countries that are signatories to the Convention on Cinematographic Co-production (“**CCC**”) or countries with which Bulgaria has concluded bilateral treaties covering the film industry.

Up to 20% of the overall funding dedicated for film production can be allocated to cross-border co-productions. The co-production state subsidies are awarded following an application procedure which includes ranking and selection of the best film projects. The application must be submitted by the Bulgarian producer who has secured financing from the foreign producer meeting certain criteria. The Bulgarian producer must have no less than 10% share in a co-production with two producers and no less than 5% in a multiparty co-production.

The maximum funding for cross-border co-productions is 60% of the eligible costs relating to the Bulgarian aspects of the project. At least 75% of the funding must be spent in Bulgaria. However, the NFC could require a higher percentage of up to 160% of the funding. The local spending requirement cannot exceed 80% of the total film budget.

– TV series production

State subsidies are available for the production of: (i) Bulgarian TV series, and animated series produced by independent producers; and (ii) cross-border TV series, and animated series produced by independent producers, or co-produced with countries that are party to the CCC or countries with which Bulgaria has concluded bilateral treaties in the film industry.

Cross-border TV series productions can receive subsidies of up to 50% of the eligible costs. The local spending requirement is at least 75%.

– State aid cultural product assessment criteria

The NFC provides financial support to film and TV series productions that meet specific cultural product assessment criteria. The assessment by the National Arts Commission of the NFC is based on a number of criteria, including: the artistic value of the script; audience potential; and the economic feasibility of the proposed budget, financing and production plan.

The state subsidy is granted following a competitive process initiated by an order of the Executive Director of the NFC.

State subsidies for film distribution

The Bulgarian Film Industry Act provides for several types of distribution: commercial theatrical distribution; TV distribution; home video distribution; online platform distribution; selling; renting and lending.

The state subsidy is available for the distribution of: (i) Bulgarian films; (ii) films created in **co-production** with countries that are signatories to the CCC or with countries with which Bulgaria has concluded bilateral treaties in the

film industry; and (iii) European films. European films are defined based on (i) the number of European elements as set out in Appendix 2 of the FIA (e.g. nationality of the copyright holders and the production crew, language, locations, production services, etc.); or (ii) whether the film is predominantly produced by one or more producers from countries that are party to the CCC.

Bulgarian films and cross-border co-productions may receive a maximum distribution subsidy of up to 50% of the eligible costs while European films may receive up to 25% of the eligible costs.

The state subsidy is awarded following a competitive procedure initiated by an order of the Executive Director of the NFC, with support from the National Commission for Films Distribution.

– State aid cultural product assessment criteria

Film distribution receives state aid upon a positive cultural product assessment based on: (i) the artistic value of the film and the film potential; (ii) the film's distribution and marketing plan; (iii) the professional experience of the producer, director and distributor; and (iv) how it presents national and European values.

Implementation

The detailed application procedures for state subsidies and rebates are provided in the Implementation Regulation to the Film Industry Act. The Executive Director of the NFC issues methodological guidelines for the implementation of state aid rules under the FIA and its Implementation Regulation.

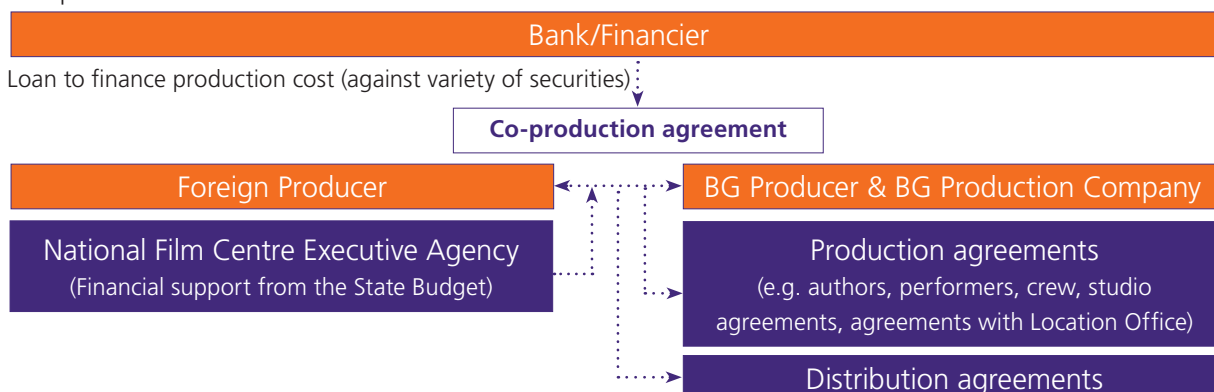
In March 2025, the Bulgarian government took the necessary legislative steps to initiate the implementation of the De Minimis Regulation (EU) 2023/2831 into the Bulgarian FIA with regard to the de minimis aid scheme for the promotion and theatrical distribution of films. The Law Amending and Supplementing of the FIA is currently pending before the Parliament.

The audio-visual production sector provides: highly experienced and professional crews as well as studios and equipment of the highest standards. Many foreign film productions, series, music videos and commercials have been shot in Bulgaria over the last 15 years.

- State subsidies are granted directly to the beneficiary, and may not be assigned. The receivable can be pledged.
- Only persons registered in the public register of the agency can apply for state subsidy.
- Bulgarian law does not forbid double dipping.
- Anticipated incentive amount is auditable.



The procedure



Croatia

Croatia grants financial incentives for film and TV productions shooting in Croatia to international and local filmmakers.

The incentive applies to feature, animated and documentary films, television films and television series, financed from national or international sources, which are produced entirely or partially in Croatia. Eligible audio-visual works must be intended for public exhibition and meet other prescribed criteria.

Financial incentive also applies to a foreign work for which a foreign legal entity has acquired the copyrights to the script, and an international or cross-border co-production, in which one of the co-producers is a Croatian legal entity with majority or minority financial participation.

The incentive does not apply to commercials, reality TV, game shows, sitcoms or soaps.

Cash rebates

Financial incentive is granted in the form of a rebate (refund) of 25% on qualifying Croatian expenditure. An additional 5% is approved for productions filming in regions with below-average development.

The rebate is calculated on the total qualifying expenditure, excluding VAT, and is paid directly to the applicant's Croatian bank account. Qualified spend consists of the costs of goods and services purchased in Croatia and wages paid to Croatian tax residents (both cast and crew) for services carried out in Croatia.

Incentive eligibility

Incentive is available to Croatian legal persons registered for production of audio-visual works, who meet the prescribed criteria:

- They produce a feature, animation or documentary film, television film or television series, entirely or partially in Croatia in the capacity of producer, co-producer and/or provider of service of foreign work production ("production service company").
- They have acquired the copyright to the script for producing the respective audio-visual work or it is the production service provider that has been contracted by a foreign legal entity (which has acquired the copyrights to the script for producing the respective foreign work).

There are further conditions relating to previous productions of audio-visual works and data on the total budget for the respective audio-visual work.

The incentive is also available to a foreign company with a branch office registered in Croatia. However, in the

case of a non-EU or non-EEA country, the foreign company must prove that it has been registered in its respective country for at least two years.

In the case of an international or cross-border co-production in which one of the co-producers is a Croatian legal entity with majority or minority financial participation, the Croatian co-producer should act as the applicant for the financial incentive.

In the case of a foreign production, irrespective of the number of producers and countries of their origin, where none of the producers is a Croatian legal entity, a producer – project leader must engage a domestic production service company for the production of a foreign work, who should be the designated applicant in the procedures relating to the financial incentive.

Incentive limitations

There are some further limitations, exceptions and requirements:

- The overall production costs incurred in Croatia, which form the basis for calculating the refund, must not exceed 80% of the total production budget of the audio-visual work.
- The sum of state aid funds must not exceed 50% of the total production budget of the respective audio-visual work, except in the case of a difficult audio-visual work. In the case of difficult audio-visual works, the aid intensity is limited to 80% of the total production budget. The relevant state aid includes any state aid from Croatia and other EEA Member states, including the financial incentive for production of audio-visual works, any *de minimis* aid, and other sources of financing considered state aid, irrespective of the provider.
- The aid intensity for cross-border co-productions funded by a minimum of two Member States and involving producers from at least two Member States may amount up to 60% of the total budget for film production.
- The amount of total costs incurred in the Republic of Croatia associated with the production of the work, net of VAT, has to amount to:
 - EUR 250,000.00 for a feature film,
 - EUR 150,000.00 for a television film,
 - EUR 100,000.00 for one episode of a television series,
 - EUR 60,000.00 for a documentary film, animated film, one episode of documentary television series, for an animated television series with a minimum total duration of 24 minutes, for post-production of an audiovisual

work if the application refers exclusively to that stage of production, where the said minimum amount cannot exceed 50% of the total budget of the audiovisual work production.

- When the financial incentive exceeds EUR 500,000.00, the applicant must employ at least one trainee who is a Croatian citizen or a tax resident of Croatia in each of the main production departments represented in the production of the respective audio-visual work (Set Design, Production, Camera, Costume, Directing, Hair and Make-up, Stunts, VFX/SFX).
- When the financial incentive exceeds EUR 1,000,000.00, the applicant must employ at least 3 managers/co-managers of the department, who are tax residents of Croatia, in one of the main production departments listed previously.
- At least 50% of cast and crew employed in Croatia for the production of the work must be Croatian or EEA member states citizens when the work is being entirely produced in Croatia.
- At least 30% of cast and crew employed in Croatia for the production of the work must be Croatian or EEA member states citizens when the work is being partially produced in Croatia, and partially in other country/countries.

Procedure

The Incentive programme is administered by Croatian Audiovisual Centre, a government-backed national agency, on a first-come, first-served basis.

An application for the incentive and supporting documentation is filed to the Centre no later than 8 days before the start of production in Croatia.

Supporting documentation includes a plan of inflows and outflows of funds for the production in the Croatia and a proof that at least 70% of funding needed to cover the cost of production has been secured (e.g. contract, pre-contract, letter of intent with the exact amount, bank guarantee). For an international or cross-border co-production, the Croatian or EEA co-producer must provide a co-production deal memo or a contract. For a foreign production, the production service provider must provide a cooperation deal memo or a production service agreement.

Service productions and co-productions should pass the cultural / qualifying test, which comprises three categories: cultural content, creative collaboration, and the use of Croatian production capacities, such as studios or locations. No preference is given to projects scoring higher on the cultural test.

The incentive is paid upon completion of production, filing of audited accounts and proofs that all requirements have been met.

Once the application is filed, the Centre issues a "Resolution on Guaranteed Financial Incentive" based on the planned production budget and submitted documents.

The resolution on the incentive places the applicant under an active obligation to communicate any change relating to the shooting, finances, legal or factual circumstances.

After completion of the production of audiovisual work in Croatia, the applicant has further documentation filing obligations towards the Centre (audited final calculation of actual costs of the production of the audiovisual work in Croatia, etc.)

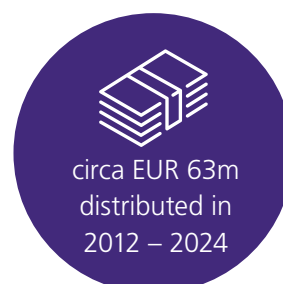
"Resolution on payment" is issued by CAC upon completion of production of the audiovisual work in Croatia and based on the calculation of the actually incurred production costs in Croatia and supporting documentation. This resolution determines the final amount of the financial incentive to be paid to the applicant. Claims based on the Resolution on guaranteed financial incentive and Resolution on payment cannot be transferred to a third party and any such transfer will not produce legal effects.

State aid rules

The incentive programme for production of audio-visual works in Croatia is subject to state aid rules. It is compatible with funding from Croatian public sources and other EU Member State sources, but total funding must comply with state aid limits.

Other

Croatia is a signatory to the European Convention on Cinematographic Co-production and has bilateral co-production treaties with Canada, France, Germany and Italy. It is a member of the European Co-production Fund Eurimages and the EU's Creative Europe Programme/MEDIA sub-programme.



Czech Republic

The Czech Republic has a long-standing tradition of supporting cinematography. It has many well-educated and experienced workers ensuring excellent craftsmanship and production of high-quality films. Film funding opportunities in the Czech Republic are particularly promising in 2025, potentially reaching record levels. This is largely due to a recent amendment to Act No. 496/2012 Coll., on Audiovision. The amendment introduced a significant restructuring of the national film and audiovisual work funding system, most notably raising the maximum funding caps and expanding the scope of support provided by the Czech Audiovisual Fund. Funding is now available not only for traditional films, but also for television series, animation and video games.

Cash rebates for films and series

To benefit from a cash rebate: (i) the film or series must meet certain cultural requirements; (ii) the applicant must be a Czech, European or EEA tax resident with a place of business in the area of the Czech Republic; and (iii) the applicant must be the producer or co-producer of the film or series, or must produce the film or series or a part of it for the producer or coproducer.

An applicant wishing to benefit from the cash rebate system must apply for registration of their film or series via an application system with the Czech Audiovisual Fund, which confirms whether the film or series is eligible for a cash rebate. Post production, detailed records regarding production costs are audited by the Czech Audiovisual Fund. Based on the audit, the Czech Audiovisual Fund decides whether to grant the cash rebate.

The maximum amount of cash rebate that a film or series can receive varies from 25% to 80% of the total production costs and cannot exceed CZK 450m (circa EUR 18m). The Czech Audiovisual Fund transfers the cash rebate to the bank account of the applicant within 30 days of its decision.

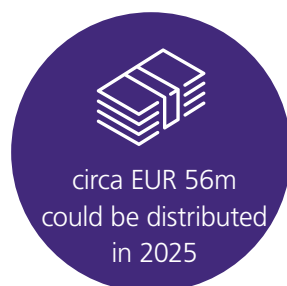
Direct state subsidy

The Czech Audiovisual Fund provides financial support to productions meeting specific cultural criteria across four categories of audiovisual works: 1) cinematography, 2) television works, 3) animated audiovisual works and video games, 4) audiovisual infrastructure. The applicants can be both Czech and foreign entities.

The Czech Audiovisual Fund calls for invitations for applications for state subsidies based on the conceptual strategy of its Council. The invitation includes a time period for the submission of applications (no shorter than 30 days) and a range of themes that can be applied for.

The state subsidy cannot exceed maximum EU aid limits (i.e., limits set out in Commission Regulation (EU) No 651/2014 or in a decision of the European Commission) and cannot exceed 90% of the total budget of the project. The decision of whether the state subsidy will be granted for a project is based on an evaluation of the application conducted by a panel of evaluators using the creative and realisation tests.

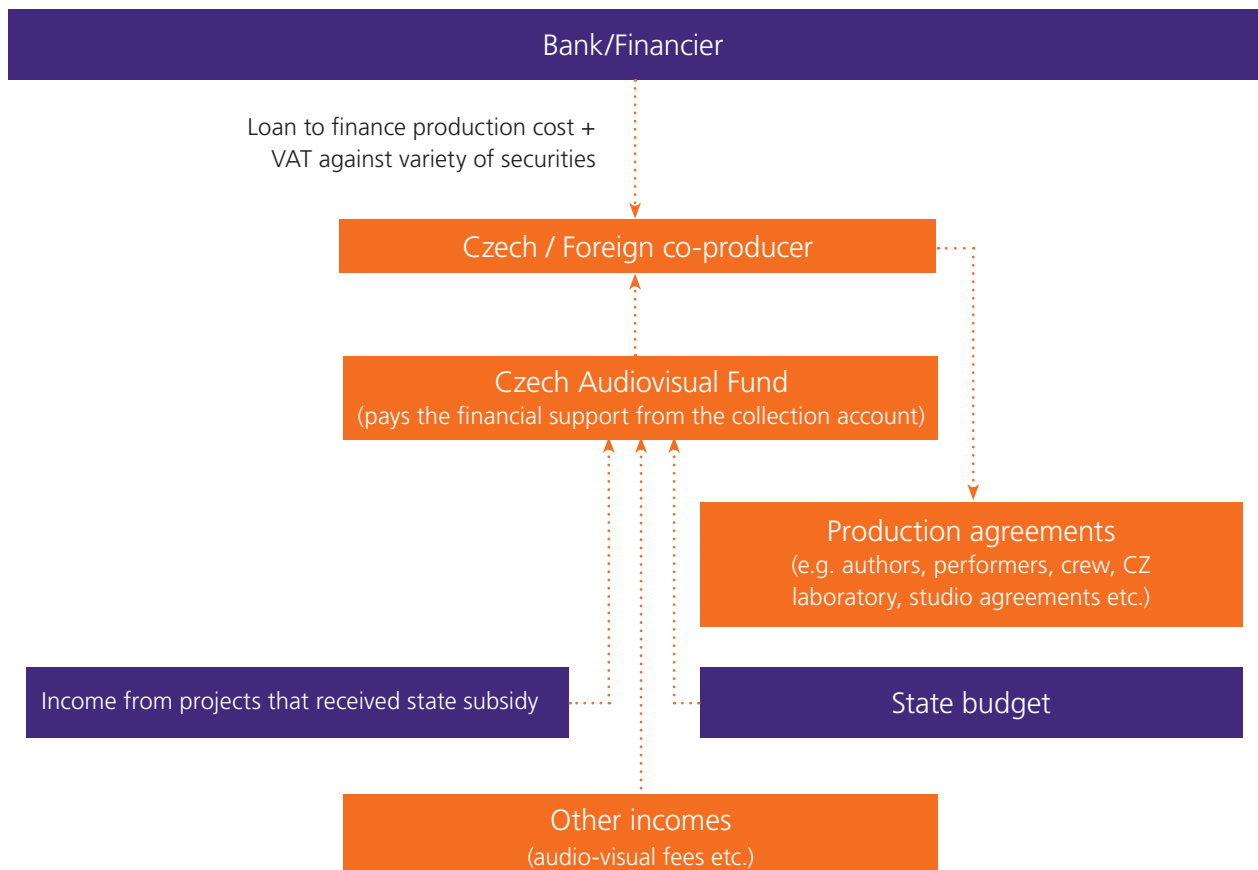
The applicant is obliged to present a final account of costs regarding the provided state subsidies.



- The funding system for audiovisual works is easy to understand. The main advantages of the Czech Republic are: (i) its recognised historical track record with respect to the quality of its cinematography and audiovisual industry; (ii) the existence of the Czech Audiovisual Fund organising all aspects of the support for audiovisual works; (iii) highly qualified staff; and (iv) studios and equipment of the highest standard, including Barrandov ateliers.
- Any cash rebate is always paid to the applicant. State aid is considered to be a subsidy and therefore cannot be assigned or pledged. Nevertheless, as state aid is paid into a bank account designated by the applicant, the bank account receivables can be subject to the right of lien.
- The applicant for a cash rebate must have its place of business in the territory of the Czech Republic and must be a tax resident in the Czech Republic, EU or EEA.
- Czech law does not prohibit double dipping.
- Anticipated incentive amount is auditable; however, such an audit is unofficial and is not binding for the Czech Audiovisual Fund. Actual entitlement will be based on actual spending audited after the production.



The procedure



Hungary

Hungary operates a successful film financing system that has been in place for more than twenty years, which serves as a model for other CEE countries. Due to its longstanding experience, the robust cash rebate system, skilled professionals, reliable support, and top-notch infrastructure, Hungary has managed to attract several major film projects over the years.

Hungary's 30% tax incentive has recently been extended for an additional six years, until 2030.

Tax credits

Hungarian corporate taxpayers may benefit from a tax credit if they: (i) offer direct support; or (ii) redirect part of their corporate tax payments to support films. The amounts offered this way represent the funds that producers can benefit from in the form of cash rebates.

Hungarian corporate taxpayers may transfer their support to the collection account of the Hungarian National Film Institute (Option 1), provide direct support to the Hungarian Film Producer (Option 2), or redirect up to 80% of their corporate income tax liability to the collection account of the Hungarian National Film Institute or to the Hungarian Producer with respect to a specific film (Option 3). In exchange, based on the approved production costs spent for the film, they can receive a tax certificate entitling them to a tax credit. Direct support or support through the collection fund can result in a net saving of 2.25% while redirecting corporate income tax may result in up to 7.5% net saving for the taxpayer.

Direct state subsidy

The Hungarian National Film Institute provides financial and professional support to productions meeting specific cultural criteria. Foreign projects are only eligible to apply through Hungarian production companies registered with the National Film Office.

Applications can be submitted continuously and are open for the support of: (a) script and film project development; (b) pre-production; (c) film production; and (d) distribution, marketing, and promotion thereof; (e) film print restoration and archiving, (f) cinematographic research, (g) training in cinematographic works, (h) organising events and participation in events and film festivals, (i) producing and publishing publications on cinematographic works, (j) infrastructure development.

The applicants must have proper references. A support agreement for pre-production and film production can only be concluded if a project company is established in Hungary solely for the purpose of the production of the supported film. In the case of international co-productions, the applicant can be exempted from the establishment of the project company, provided the

Hungarian contribution to the budget is less than 50% and the support for film production is less than EUR 200,000. A board of film professionals evaluates the applications and decides if support will be granted.

Cash rebate

Films that meet certain cultural requirements and either qualify as a European co-production with Hungarian participation or meet further cultural requirements regarding content are eligible for a cash rebate.

Film producers wishing to benefit from the cash rebate system should register – through a Hungarian company – their film with the Hungarian National Film Office, which confirms whether the particular film is eligible for a cash rebate. Post production and detailed records regarding the production costs are audited by the Hungarian National Film Office. Based on this audit, the Hungarian National Film Office issues a certificate on the maximum amount of cash rebate that the film may receive. Currently, the maximum amount of cash rebate that a film can receive is 30% of 125% of the Hungarian production costs (but no more than 30% of the entire production costs). The cash rebate may be channelled directly from a corporate taxpayer, through a centralised account or via the tax authority.

State-of-the-art studios

Hungary boasts state-of-the-art film studios, including the recently renovated NFI Studio, which is operational from 2025. The expanded studio features new facilities such as new soundstages, a giant outdoor water tank, and a variety of themed backlots. Origo Studio and Korda Studio, both prestigious and globally recognised, serve major productions' needs with over 20 years of experience.

Other

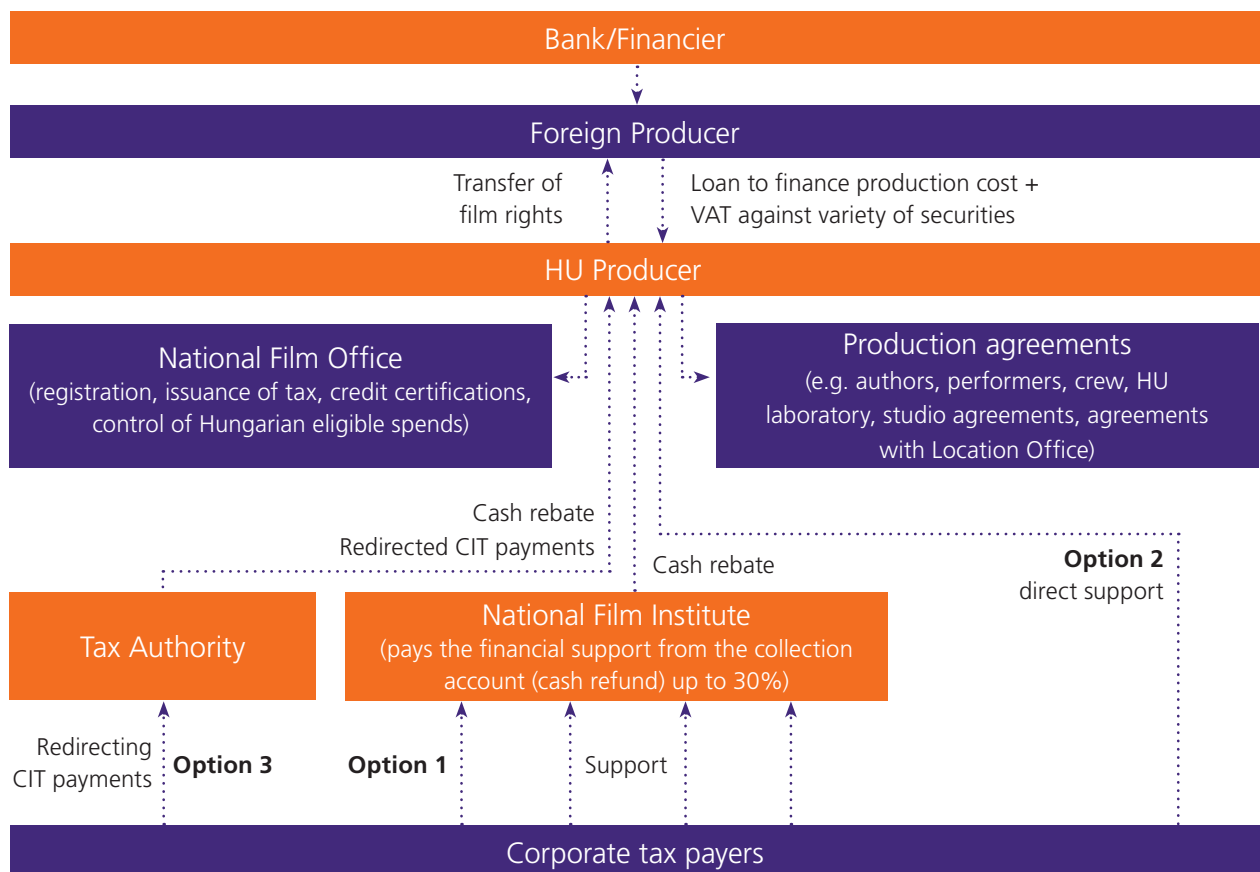
Some banks provide loans for film financing but financing through tax credits still dominates the market by the Hungarian producer formally undertaking due draw-down of the maximum tax credit available. Given the attractive tax regime, certain investment banks decided to provide professional intermediary services between producers and corporate tax payers. Banks usually require a comprehensive security package. Foreign or local guarantors also provide completion bonds for the successful completion of the film to be guaranteed.



- Hungary has a well-established system, which has operated successfully over the last few years, strengthened by: (i) the establishment of the Location Office, a central body to centralise and coordinate permits to shoot in public locations all over Hungary (fees have also been unified); (ii) highly educated and experienced film crews; and (iii) studios and equipment of the highest standard.
- Hungarian law does not forbid double dipping.
- Anticipated incentive amount is auditable, but the actual entitlement will be based on actual audited spending.
- The Film Office does not accept assignments of the cash rebate (direct debit authorisations or account pledges may be an alternative).
- Film production can be structured in two ways: productions made by (i) a foreign filmmaker using a Hungarian production service company; or (ii) a Hungarian film production company alone or in co-production.



The procedure



Poland

Poland has a successful system of financial support for audiovisual productions, both for domestic film producers and international co-productions. The subsidies for the cinematographic industry have strengthened the Polish market in the international arena.

Cash rebate

The programme is regulated by the Act on Financial Support for Audiovisual Production and offers reimbursement of production costs incurred in Poland in the amount of 30% of Polish eligible costs (e.g. general costs of preparations for production, costs of set designs and costumes, obtaining technical equipment for audio-visual production, travel and accommodation costs, post-production costs). Reimbursement is available for feature films, animations, documentaries and series, animated series and documentary series. The Polish Film Institute ('PFI') manages and administers such financial support measures.

Polish eligible costs which form the basis for calculating financial support may not exceed 80% of the total audiovisual production costs and:

- the amount of financial support that may be granted per audiovisual work may not exceed PLN 15,000,000 (approximately £1,778,000);
- the total amount of financial support granted to one entrepreneur in a calendar year may not exceed PLN 20,000,000 (approximately £3,703,000).

The following categories of producers are entitled to request the above cash rebate: (i) producers having a registered establishment in Poland; (ii) foreign producers who have entered into co-production agreements with Polish producers; and (iii) foreign producers having a branch in Poland where the work for which the rebate is being provided is produced by that branch (in this case no co-production agreement is needed). To qualify for the cash rebate, the producer will need to comply with certain cumulative conditions, regardless of whether the eligible project has a national or international nature.

Production can count on a 30% refund if the result of the qualification test is positive and a certain amount of money is spent on producing the film in Poland. At least 75% of the total project financing must be confirmed at the moment of application and the production has to pass a cultural test. In particular, whether the film incorporates Polish or European cultural heritage, the action is set in the territory of Poland, the project hires Polish employees and whether the project uses Polish film infrastructure.

A 30% cash rebate is granted on the basis of the submitted application together with the required attachments:

- an application for financial support may be submitted no earlier than 12 months before the start of the work to be covered by financial support and no later than before the start of this work;
- the applicant is obliged to start the works covered by financial support not later than 12 months from the date of submitting the application;
- at least 75% of the costs of works to be covered and at least 75% of the total financing of the production must be confirmed by documents;
- the fee for processing the application is 0.05% of the estimated financial support, no more than PLN 1,000;
- applications and attachments have to be submitted in Polish or translated into Polish, including by a sworn translator;
- PISF processes the application within 28 calendar days.

Moreover, there are reservations regarding the maximum share of public aid, along with the amount of support that a given project cannot exceed. Additionally, for international co-productions, there are conditions regarding the contribution of the Polish side (e.g. artistic contribution) to the production.

In case of positive verification, the PFI and applicant conclude of the contract for financial support and the PFI pays a cash rebate to a fiduciary bank account run by the Polish State Bank (**Bank Gospodarstwa Krajowego**). After completing the production work, the producer submits a report to the PFI and, based on verification of the PFI report, the funds are released from the fiduciary bank account within 90 days.

In a separate procedure – before granting the official application for the 30% cash rebate – production can obtain a certificate confirming that the project meets the criteria of the qualifying test and qualifies for a refund of some of the costs. The certificate serves informational purposes and does not guarantee the allocation of funds. The certificate is issued within a maximum of 28 days from submitting the application and is valid for 4 years. Applications for the certificate can be submitted throughout the year.

Direct state subsidy

The PFI provides refundable subsidies, working according to operational programmes and the objectives set out within them. In practice, Polish, EU and EEA producers are eligible to apply for the financial support offered by the PFI. However, it is strongly recommended that EU/EEA producers have a Polish co-producer on board or a branch in Poland as it simplifies the application process.

The PFI supports the production of film projects involving foreign producers. The production must meet numerous conditions including promoting Polish or European cultural diversity. By way of example, for international co-productions, the minimum contribution from the Polish side must constitute at least 10% (in the case of bilateral co-productions) or at least 5% (in the case of multilateral co-productions). A minimum artistic contribution is also provided for.

In the case of a minority co-production, it is essential that:

- a feature film engages at least one Polish artist from the following fields: production designer, cinematographer, editor or composer.
- a documentary film makes use of at least one of the following elements: material from Polish film archives, a Polish central character, or a Polish cinematographer, Polish composer or Polish editor.
- an animated film engages at least one Polish artist from the following fields: director of animation, storyboard writer, visual designer, or composer. A significant part of the animation must also be produced in Poland.

The application for funding for a minority international co-production must be submitted before the film begins shooting. The PFI, upon a justified request from the producer, may agree to submit an application after the film begins shooting or after the animation period in the case of animated films.

Other

Funding and production support are also available from regional film funds ('RFFs'). Currently, there are twelve such operating funds e.g. in Lower Silesia, Łódź, Małopolska, Masovia and Poznań. The RFFs differ in terms of the budgets they manage, the form of support they provide and the sums which must be expended in the city, town or region during the production of the film.

The RFFs provide support of up to 50% of the film's budget. Sometimes the inclusion of various Polish landmarks (from specific regions to which the projects apply) is a requirement for regional financial support.

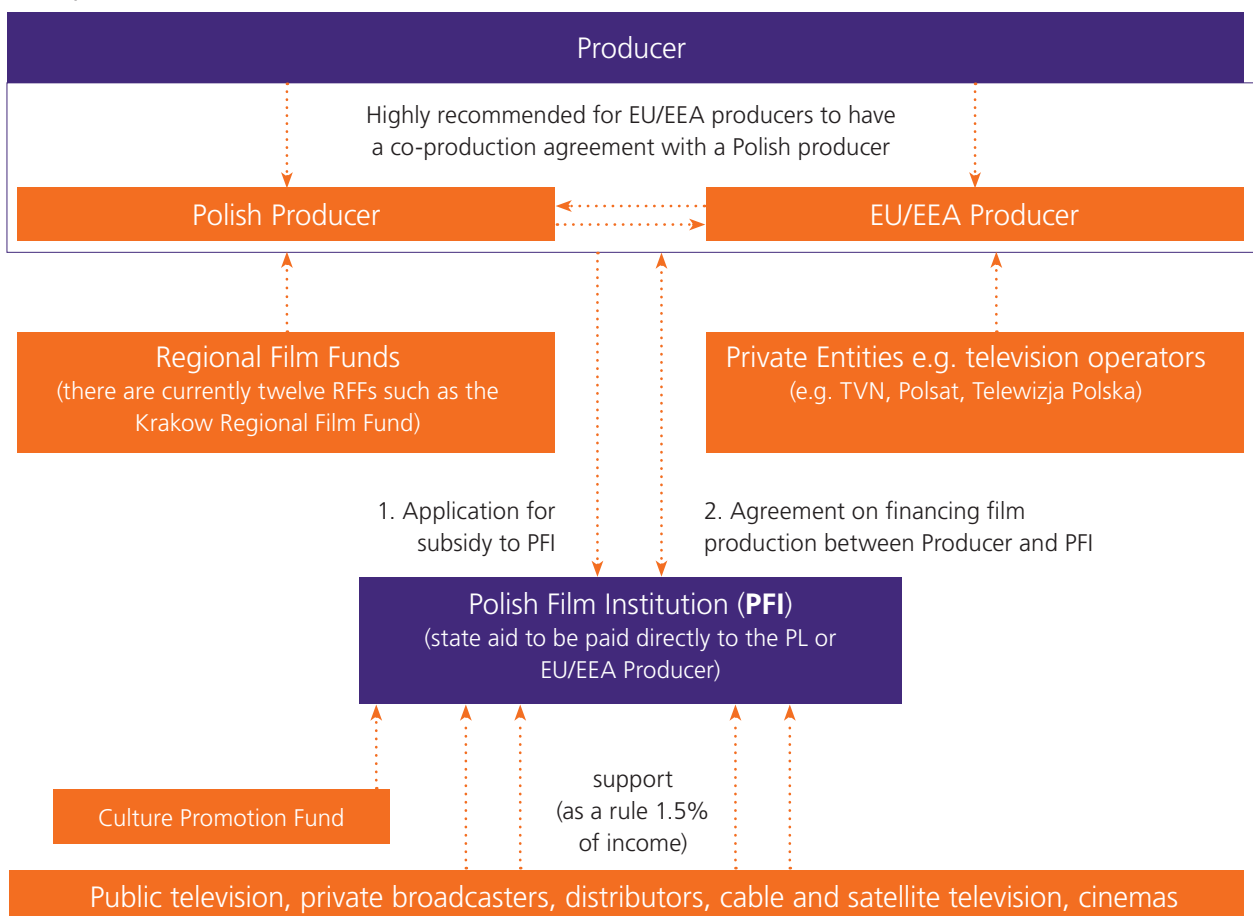
It is also feasible to apply for funds from private businesses in Poland (e.g. television operators such as TVN, Polsat or Telewizja Polska).

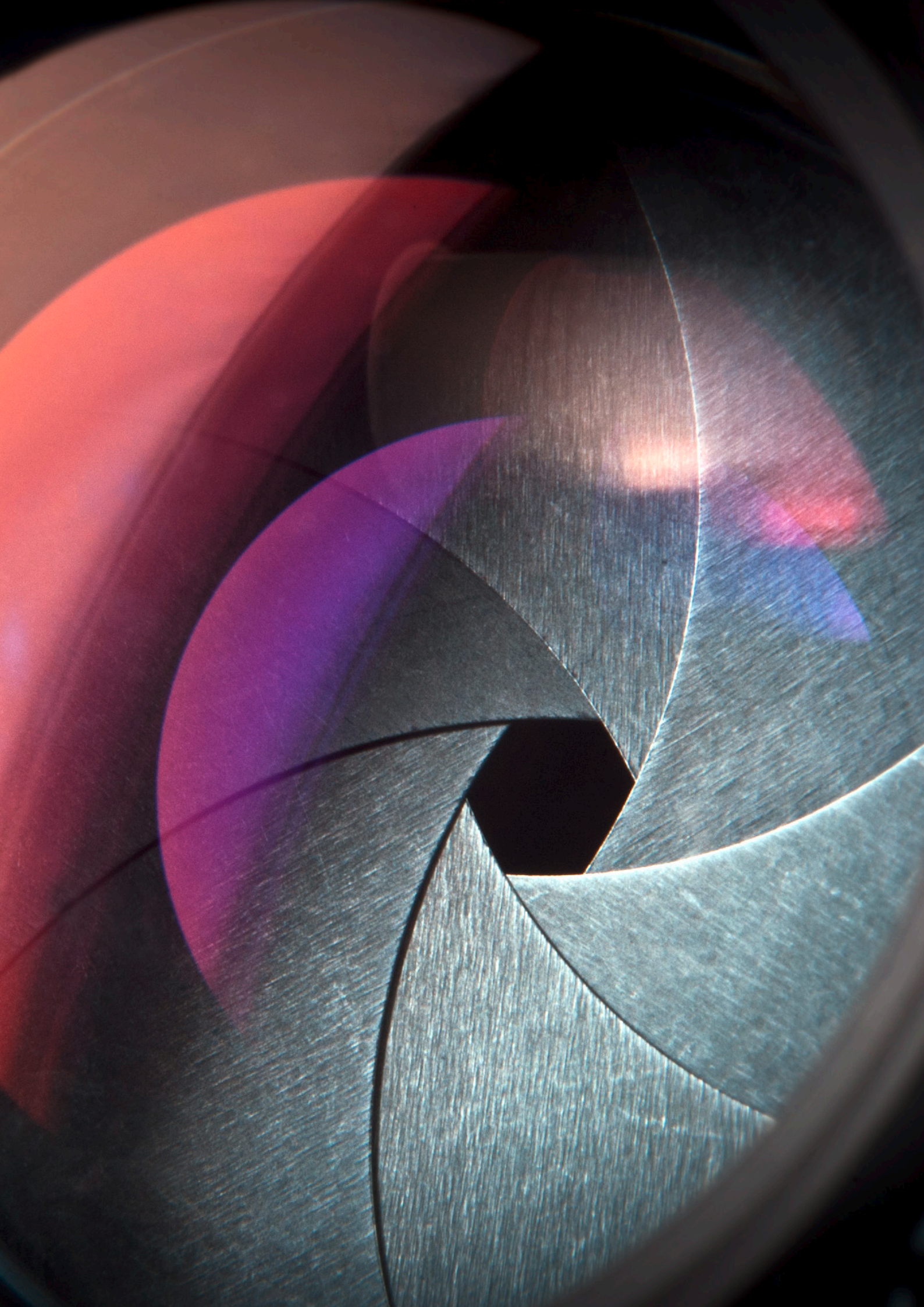


- The beneficiaries of the state aid scheme need to be either a Polish or foreign company established in the EU or an EEA company that complies with several cumulative conditions, regardless of whether the eligible project has a national or international nature.
- The Polish state aid amount is not assignable and it should be paid directly to the producer applying for financial support (it cannot be pledged).
- Polish law does not forbid double dipping and this is at least feasible in the case of countries with which Poland has bilateral co-production agreements (France, Canada, Israel and India) and the countries which signed up to the European Convention on Cinematographic Co-production.
- Anticipated incentive amount is auditable. However, as to the actual amounts that may be obtained by the producer are dependent on the final decision of granting subsidies by the Director of the PFI.
- All application documents for a direct state subsidy granted by the PFI need to be provided in Polish. In relation to applications, foreign producers might be required to appear at meetings in Poland.



The procedure





Romania

A state aid incentive is available until 31 December 2026, covering up to 30% of eligible expenses for newly submitted projects.

In 2018, Romania passed legislation to create a state aid scheme to incentivise the cinematographic industry and certain amendments were made to its structure during 2023 and 2024. The state aid incentive programme is currently available until 31 December 2026, with possible prolongations. Starting with the call for projects opened in 2024, the state aid granted under this scheme consists of non-reimbursable financial disbursements amounting to 30% of the total eligible expenses incurred on Romanian territory, after the submission of the project application, with the purchase, rental, manufacture of goods and/or services related to the production of an eligible audiovisual work, as well as with fees, salaries and other payments to individuals related to the implementation of the project in Romania.

The provider of this state aid scheme is the Ministry of Culture and the administrator of the state aid scheme is the Film and Cultural Investment Office, hereinafter referred to as the Office. The maximum amount of aid available per project is EUR 10m. The yearly budget allocated to this scheme is a maximum of EUR 55m.

The beneficiary of the state aid scheme can be either a Romanian or a foreign company that complies with several cumulative conditions, regardless of whether the eligible project has a national or international nature. As of 2024, registration and grant applications are submitted throughout the year, in continuous session, starting from the date communicated by the Office on its website, in the dedicated section.

The audiovisual works eligible for state aid are short films, feature films, serials, documentaries and documentary series, animated films and animated series, intended for public communication, regardless of the medium on which they are to be communicated to the public and exploited, and which cumulatively meet the eligibility conditions and the minimum values briefly mentioned below and further described in the legislation.

The main conditions that must be met by the applicant company are that:

- its main activity is film production (and, for Romanian companies only – it must be registered in the cinematographic register);
- it is a producer, co-producer and/or provider of production services and produces feature, medium-length and short fiction films, video or internet distribution or any other format, animation or documentary, television films or television series partially or fully in Romania;
- as a producer/ co-producer, it owns the intellectual property rights in the work that will be produced or, where it provides services for a foreign production company, the foreign production company has acquired the rights in order to carry out the production;
- in the case of foreign producers, a co-production or a service provision agreement must be concluded with a Romanian producer;
- it presents information related to the total production budget for which the state aid is requested (and for productions entirely, or partially, carried out in Romania, it must present information related to the budget pertaining to the expenses incurred in Romania, for which the state aid is requested);
- it proves that it does not have any debts to the Romanian general consolidated budget; and
- where the application concerns a producer/co-producer, it must evidence the financial contribution(s) of each co-financier, and where the application concerns a service provider, it must evidence the foreign producer's firm undertaking to contribute (the sole contribution must cover at least the total eligible budget of the production, excluding VAT and minus the state aid requested under this Romanian scheme and other state aids granted for covering the same eligible costs). The sole financial contribution is constituted either from its own resources, or from other resources, which should not be classified as public aid.

In the case of co-productions, the co-producers shall delegate a sole company, which will represent the production and will be treated as the applicant of the aid.

Starting with the call for project submissions opened in 2024, the total project budget in relation to the implementation of the project on the territory of Romania must meet the following minimum values:

- EUR 100,000 for projects aiming at the realisation of a feature film;
- EUR 100,000 for each episode of a serial project, determined on the basis of the average of the total budget allocated for the implementation of the project on Romanian territory and the number of episodes produced on Romanian territory;
- EUR 50,000 euro for projects aiming at the production of a documentary film;
- EUR 15,000 for projects for the production of a short film, an animated film of at least 5 minutes or an animated series.

The following are the procedural stages:

- the applicant submits to the Office an application for project registration, accompanied by the script, estimated budget, and required documents, before starting work in Romania;
- the Film Commission in Romania will assess the application and will certify, by decision, the eligibility of the project, on the basis of which the Office will issue the applicant with the eligibility certificate, valid until November 1, 2026;

- the applicant shall be obliged to start the project on the territory of Romania within a maximum of 60 calendar days from the date of issuance of the certificate of eligibility, and to start filming on the territory of Romania no later than 9 months from the date of issuance of the certificate of eligibility;
- within 60 working days from the date of the last day of activity leading to eligible expenses incurred on the territory of Romania requested for settlement, but no later than November 1, 2026, the applicant holding a valid certificate of eligibility shall submit to the Office an application for funding for the eligible expenses incurred, accompanied by certain documentation;
- the Film Commission reviews the funding application and, if the criteria are met, approves it, stating the maximum state aid amount. The Office then signs a funding agreement with the applicant;
- no later than 9 months after the signing of the grant agreement, but not later than November 1, 2028, the applicant shall submit to the Office a request for payment, accompanied by the audit report and supporting documents;
- the beneficiary shall submit to the Office the electronic recording of the completed cultural product within a maximum of 5 years from the date of the last day of filming on Romanian territory.

- The Romanian film industry is internationally recognised and film directors have received numerous prestigious awards. Production in Romania is recognised by film producers for: (i) highly educated and experienced film crews; (ii) studios and equipment of the highest standard; (iii) attractive costs for services; and (iv) unique scenery.
- Romanian law does not forbid double-dipping, subject to compliance with the applicable Romanian and European legislation and limits.
- Anticipated incentive amount is auditable.
- Both Romanian and foreign companies may benefit from state aid for film projects (but in the case of foreign companies, a co-production or service provision agreement with a Romanian company is required).



Slovakia

Slovakia remains an attractive venue for foreign film productions, also due to the financial support for projects filmed on its territory.

Cash rebates

Films that meet the basic, cultural, and realisation criteria of a cultural test and minimum threshold of the eligible costs (at least EUR 50,000 for documentary or animation, EUR 100,000 for individual feature films or documentary series of max. 26 episodes and EUR 300,000 for TV series of max. 26 episodes), where these costs have to be spent in line with the Slovak regulation on film projects (i.e. to be spent on services/goods in the Slovak Republic or on the remuneration of natural persons for their work performed in the Slovak Republic) are eligible for a cash rebate.

Legal entities eligible to apply for a cash rebate are the producer/co-producer of the film project, for the realisation of which the cash rebate is sought, or a legal entity that has concluded a written agreement with such producer/co-producer regarding cooperation on the project realisation. Prior to applying for the cash rebate, the eligible applicant must register the respective film project with the Slovak Audiovisual Fund.

Afterwards, the application for the cash rebate may be filed with the Slovak Audiovisual Fund. Amongst others, the auditor's report verifying the creation, accounting and payment of eligible costs shall be attached to the application form. The Slovak Audiovisual Fund will verify whether the application was submitted by an eligible person and with all necessary annexes, and may request copies of accounting documents proving the creation, accounting and payment of eligible costs. The Slovak Audiovisual Fund will calculate the amount of support within 30 days of the receipt of a complete application or from the receipt of copies of the accounting documents. Currently, the maximum amount of cash rebate is 33% of the eligible costs (for remuneration of natural persons taxed outside Slovakia the cash rebate is limited to 14% of the eligible costs).

The eligible applicant may submit the application for the cash rebate either: (a) once for the entire project and all eligible costs; or (b) on a continuous basis, e.g. quarterly, for the first time at the end of the calendar quarter, in which the 'eligible costs threshold' (EUR 50,000 / EUR 100,000 / EUR 300,000, as specified above) was met for the first time.



Direct state subsidy

In addition to the cash rebate, producers may apply for support in the form of a cash subsidy and a loan, while there is no explicit provision prohibiting foreign investors from applying for such direct support.

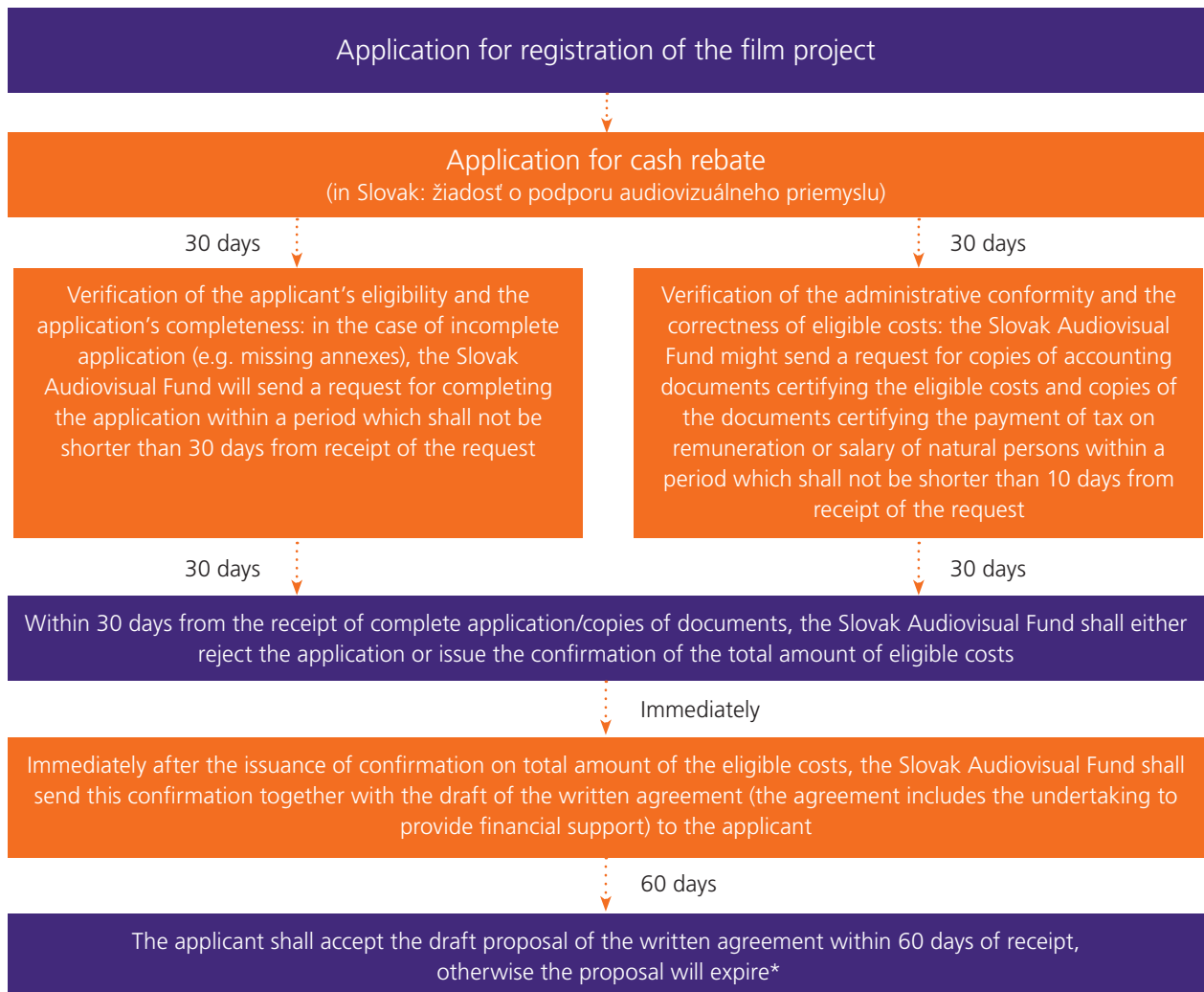
In order to receive a direct state subsidy (in the form of a cash subsidy or loan), the applicant has to go through the selection process of the evaluation committee, which will present its written assessment to the director of the Slovak Audiovisual Fund. The director will subsequently present their recommendation to the board who will decide on the financial contribution. On the basis of the board's decision, the Slovak Audiovisual Fund will prepare a written agreement of support for the applicant. The beneficiary of the support shall accept the draft proposal of the written agreement within 60 days of receipt, otherwise the proposal expires. If the beneficiary wants to accept the proposal with amendments or limitations, then such acceptance will be regarded as a new proposal. The board will decide on acceptance/rejection of such a new proposal within 30 days of receipt.

Applications can be submitted on the basis of Slovak Audiovisual Fund's calls for submissions for funding and are open, among others, for the support of the: (i) creation, development, preparation of realisation, production, post-production and distribution of Slovak audiovisual works; (ii) creation, development, preparation of realisation and production of feature, documentary and animated Slovak cinematographic works; and (iii) realisation and distribution of co-production cinematographic works, where the Slovak producer has a co-production share.

- The Slovak film industry is developing, with documentary films already internationally recognised.
- All relevant documentation relating to the application process can be found online.
- Cash rebate as well as direct cash subsidies and loans are available, subject to EU state aid rules.
- Slovak law does not forbid double dipping.
- Anticipated incentive amount is auditable.
- The incentive is not assignable and will be provided only to the applicant. The account cannot be pledged.
- Only entities established in or with a branch in the Slovak Republic and registered with the relevant tax administrator may receive a cash rebate from the Slovak Audiovisual Fund.



The procedure



*The Slovak Audiovisual Fund will provide cash rebate only to the applicant that: (a) has a registered office or branch in the Slovak Republic; and (b) is registered with the relevant tax administrator. Therefore, the foreign investor will either have to establish a registered office or branch in the Slovak Republic and register with the relevant tax administrator, or conclude a cooperation with a Slovak company.

Ukraine

Cash rebate

The cash rebate is an incentive available to foreign producers through a Ukrainian producer (i.e. producer operating in the cinematographic industry and registered for VAT in an amount between 4.5% and 30% of qualified expenses. This could include, for example, expenses directly related to the production of a film, such as employees' salaries, actors' fees, payments for works, services, etc. (except for salaries and any other fees paid to actors and crew who are not Ukrainian residents and are taxed outside of Ukraine), depending on certain criteria and the type of expenses (a Ukrainian producer holds the IP rights for a film in full and may transfer those to a foreign producer under a production agreement). The launch of the cash rebate incentive has finally been scheduled for 2022, but it has been postponed due to the full-scale military aggression by the Russian Federation against Ukraine, and there are no precedents of cash rebate allocation yet. Currently, Ukraine has frozen this project and is not allocating funds for its financing. The launch is awaiting an improvement in the economic and security situation in the country.

Generally, there are two available types of cash rebate in Ukraine:

- a. 25% rebate of the total amount of incurred qualified expenses plus a 5% additional rebate if a film satisfies additional 'national' criteria, such as launching a production based on a Ukrainian literary work; and
- b. 10% rebate of the total amount of expenses on salaries and other fees paid to actors and crew who are not Ukrainian residents provided that taxes on such fees are paid into the local budget of the cities of Kyiv and Sevastopol (A 4.5% rebate applies, if taxes on such fees are paid in the remaining territory of Ukraine, i.e. into the local budgets of other cities/communities outside of Kyiv and Sevastopol).

In order to qualify for the cash rebate incentive, there is a set of requirements to be met, the main of which are as follows:

- a. there should be no Ukrainian tax residents among owners/participants/shareholders/ultimate beneficial owners ("UBOs")/officers of the foreign producer, nor any no tax residents of an aggressor country (e.g. Russian tax residents, as long as Russian Federation is recognised as the aggressor country under Ukrainian legislation) and the foreign producer must not be a tax resident of the aggressor country either;
- b. expenses must be fully or partially incurred in favour of a legal entity or individual entrepreneur registered

- in Ukraine;
- c. a film qualifies under a cultural test, where:
 - the test consists of cultural and production criteria;
 - in order to qualify, the film should get at least 2 cultural points (out of 16) and 18 production points (out of 26); and
 - the test is considered passed if the works/services of the production (e.g. production, animation, editing, computer graphics, etc.) are performed in Ukraine and at least 50% of the individuals involved in such performance are citizens of Ukraine;
- d. the foreign producer has entered into an agreement for the production of a film (or a part thereof) with the Ukrainian producer; and
- e. the film complies with certain requirements with respect to its duration and the total amount of incurred qualified expenses for such film.

Direct state subsidy

Other incentives, aside from the cash rebate, can be utilised only in relation to a "national film" and/or only by Ukrainian companies listed in the publicly available State Register of Film Producers, Distributors and Exhibitors. A national film allows the involvement of foreign investors, but must meet a minimum threshold of Ukrainian elements being involved in the project to qualify for state aid law benefits.

The main forms of state subsidies that may be of interest to producers, among others, include:

1. public procurement of goods, works and services, necessary for production of specific types of films (e.g. documentary, animation films, educational, etc.) in the amount of up to 100% of the film production costs (with proprietary IP rights transferred to the Ukrainian State Film Agency in full);
2. subsidies of up to 80% of film (including fiction and animation) production costs (Ukrainian producer retains the proprietary IP rights in full, but is obliged to pay 50% of income from the film to the Ukrainian state budget (in total, no more than 50% of the received government support) within such duration of the IP rights);
3. subsidies of up to 50% of the TV films or TV series production costs (the same conditions as in item (2) above apply); and
4. reimbursement of interest paid on a bank loan used to build infrastructure facilities intended for use in production.

Direct state subsidies are granted to Ukrainian companies operating in the cinematography industry that are *inter alia*: (i) producers of documentary, educational, animation, independent, children and debut films; (ii) producers of films and TV companies which own or otherwise lawfully operate production facilities and equipment; or (iii) companies that distribute and/or show films. In the case of subsidies that cover only part of the budget, the recipient of the state aid has to demonstrate that it has sufficient funds to cover the remaining production costs.

To benefit fully from state incentives, a foreign investor may consider: (i) providing a foreign currency loan to a local company entitled to Ukrainian state aid; or (ii) creating/purchasing a Ukrainian special purpose vehicle ("SPV") that will be registered in the State Register of Film Producers, Distributors and Exhibitors (note that foreign currency loans and repatriation of foreign investments abroad are subject to currency control restrictions).

Other

Until December 31 of the year in which martial law is terminated or cancelled, it is currently envisaged that there will be a temporary exemption from Ukrainian VAT for, *inter alia*: (i) the supply and production of national films; (ii) distribution within Ukraine of national films and foreign films duplicated in Ukrainian language; (iii) supply of certain services related to film production (e.g. duplication of foreign films into Ukrainian language).

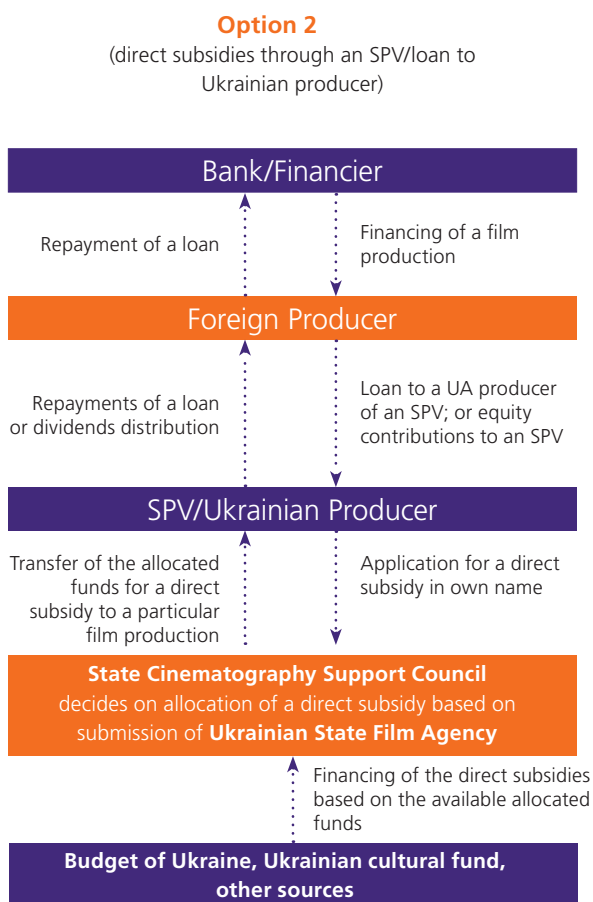
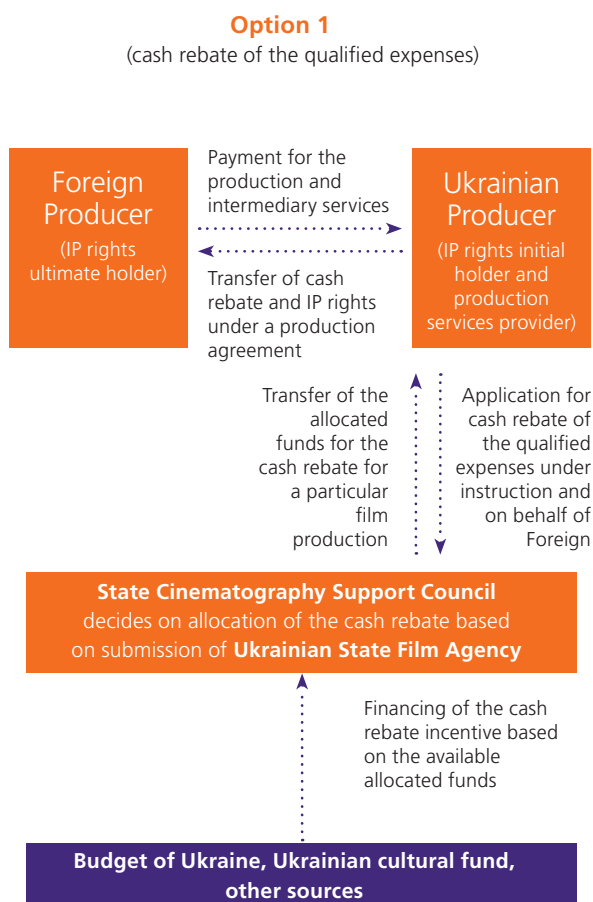
For the purposes of the VAT exemption, the term 'national film' includes films of which the production took place fully or partially in Ukraine with at least 90% share of Ukrainian or Crimean Tatar language and which qualifies under specific criteria.

In addition, the amounts of cash rebates/other State aid received by Ukrainian producers (including cash rebates further repaid by Ukrainian producer to foreign producer) are exempted from income taxation in Ukraine.

- Cash rebates, direct state subsidies and VAT exemption are available;
- Generally, double dipping is not prohibited;
- The incentive amount may be audited in advance;
- An SPV can be fully owned by a non-Ukrainian company, however, an entity will not be eligible for the government support if the entity itself, its owners/participants/shareholders/UBOs/officers are tax residents of an aggressor country; and
- The government support may not be provided to films where participants are natural persons being under Ukrainian sanctions and/or on the list of individuals threatening the national security of Ukraine.



The procedure





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Our film experts in Central and Eastern Europe has in depth experience in advising foreign investors, film producers, bankers and aggregator on a wide range of legal matters relating to film production lifecycle.

Range of services

- advice on co-production agreements and production services agreements;
- advice on optimal financing structures and representation of borrowers from the film industry on various financings;
- advice on the legal structure and legal compliance of the applications for subsidy submitted to national and international funding bodies;
- preparation of film and television contracts and performers' contracts;
- review of corporate structures and due diligence of the local production company;
- advice on the available tax benefits, including the tax credit/cash rebate, and optimal structuring of the project in order to maximize tax benefits;
- advice on personal income tax and social security issues of foreign actors, director and other participants;
- tax advice on any issues related to the production agreements, contracts with third parties etc.;
- advice on all aspects of a convergent media: online content to on demand distribution models; and
- advice on transferability of IP rights created in Hungary.

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