

LAW ON AUDIOVISUAL ACTIVITIES

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I. GENERAL PROVISIONS

Content of the Law

Article 1

(1) This Act shall regulate the performing, organising and funding of audiovisual activities as fundamental components of contemporary culture, promotion of the Croatian audiovisual creative work and distribution, promotion of cinematic showing and complementary activities, and in particular the protection and research of audiovisual heritage, as well as showing of the Croatian audiovisual works in the country and abroad.

(2) Audiovisual activities are of interest to the Republic of Croatia.

Purpose of the Law

Article 2

(1) The purpose of this Law is promoting the development of audiovisual activities and audiovisual creative work at national and international level, preservation of the national cinematic values and supporting the development of audiovisual activities, protecting the rights and interests of consumers, and creating the conditions for co-production.

(2) The provisions of this Law shall be implemented in accordance with the principle of protecting the right to free expression of the author, and also the protection of intellectual property rights in the area of audiovisual activities.

(3) In the process of performing audiovisual activities special attention shall be paid to the preservation of the Croatian language and cultural identity in both the European and world context pursuant to the principles of cultural diversity, and the protection of children and youth, equality between genders and among races and national minorities.

Definition of Terms

Article 3

For the purpose of this Law, the following definitions shall apply:

a) audiovisual activities are development, production, advertising, distribution and showing of audiovisual works. With a view to implementing the provisions of Article 25 of this Law, it shall be considered that audiovisual activities include the production of one or more audiovisual and multi-media programmes, production of television series and films, production of video games, provision of audiovisual media services, audiovisual media services on demand, audiovisual media services via satellite, internet, cable and other forms of transmission, and

electronic publication services as well as the transmission and/or re-transmission of audiovisual programmes and parts thereof

b) audiovisual works are feature and documentary films, animated films, experimental films, multimedia and transmedia projects, television series and films, video games and any other audiovisual works which are the artistic or author's expression regardless of the technology used to make them, medium they are fixed on, and the way they are presented

c) a cultural product is an audiovisual work which can apply for a state aid in accordance with the established national selection system based on measurable cultural criteria

d) a difficult audiovisual work is a work of special artistic and/or cultural value for the national or European film production that contributes to cultural diversity and pluralism of artistic expression, as well as:

- a work of high quality or creative risk which is not, due to a variety of reasons, commercially profitable, namely, a work that has difficulties in accessing financial resources
- a work that is thematically demanding but important for its cultural goals that are not commercially sustainable
- the first or second film of a director
- a low budget audiovisual work

e) complementary activities are the protection of audiovisual heritage, including cinematographic activity, film festivals and other audiovisual events, and activities dedicated to the development of audiovisual culture, programmes for the promotion and trading in the Croatian audiovisual works, international co-operation, research and critical evaluation of audiovisual activities, publishing in the area of audiovisual activities, professional training programmes and programmes of audiovisual associations and organisations

f) co-regulation is the regulation of specific matters which must be generally accepted by the main stakeholders in the Republic of Croatia to which specific provisions of this Law apply and which must be approved by the Croatian Audiovisual Council.

g) self-regulation is a form of voluntary initiative which enables the stakeholders in the Republic of Croatia to which specific provisions of this Law apply to adopt joint guidelines that would apply amongst them and for each of them individually.

h) A Croatian film is:

- a film whose director and/or producer are citizens of the Republic of Croatia, or producer is a legal entity established in the Republic of Croatia and where the participation of Croatian authors, actors and other Croatian artists or workers and/or the Croatian capital is of greater significance;
- a film produced by one or more Croatian producers, with at least one Croatian author and majority of Croatian film workers, and a film produced in co-operation with a foreign producer in accordance with international treaties governing film and cinematographic production, to which the Republic of Croatia is a party

i) a producer of an audiovisual work is a self-employed natural person/trade owner or legal person who initiates the process of production of an audiovisual work and completely

supervises its production, collects funds in its own name, organizes the production or assumes responsibility for the overall financial operation and quality of the work and together with the director and team of authors participates in the making of the audiovisual work, its promotion and marketing at film festivals and its exploitation

j) the terms author, authorial work, audiovisual work, audiovisual media services, electronic publications, audiovisual media services on demand, transmission and/or re-transmission of audiovisual programmes, television programme channels, co-production, co-producer, concessionaire, operator, television broadcasters, European audiovisual work, fixation, independent producers and other terms from the area of intellectual property, electronic media and electronic communications have meaning as regulated in specific legislation governing copyright and related rights, electronic media and electronic communication.

Gender Equality

Article 4

Gender-related terms used in this Law shall equally apply to both the male and female gender.

Self-regulation and Co-regulation

Article 5

(1) Specific matters may be regulated, pursuant to the provisions of this Law, by self-regulation and co-regulation to ensure their uniform application in practice.

(2) Matters regulated by co-regulation must be generally accepted by the main stakeholders in the Republic of Croatia to which specific provisions of this Law apply and must be approved by the Croatian Audiovisual Council (hereinafter: the Council).

(3) The Croatian Audiovisual Centre (hereinafter: the Centre) shall publish on its website the acts which have been adopted in accordance with paragraph 2 of this Article.

II. PROMOTION OF AUDIOVISUAL ACTIVITIES

National Programme for the Promotion of Audiovisual Creative Work

Article 6

(1) The National Programme for the Promotion of Audiovisual Creative Work (hereinafter: the National Programme) stipulates the scope and manner of encouraging the activity of audiovisual production and complementary and other activities, promoting audiovisual culture and creative work that is important for the development of Croatian culture, activities related to the participation in the programmes of the European Union and other international treaties, in training programmes in the field of audiovisual activities, as well as other matters relevant to the development of the activity.

(2) The National Programme is adopted by the Government of the Republic of Croatia at the proposal of the minister responsible for culture for a period of four years.

(3) The Council shall no later than 90 days prior to the expiry of the National Programme submit to the ministry responsible for cultural affairs a Draft Proposal for a National Programme for the next four-year period.

(4) In the case no National Programme is adopted, the provisions of the previous National Programme shall be applicable until the entry into force of the new National Programme.

(5) The Council shall within six months from expiry of the National Programme submit a report to the Government of the Republic of Croatia.

Annual Implementation Plan for the National Programme

Article 7

(1) Based on the National Programme and at the proposal of the director of the Centre, the Council shall adopt the Annual Implementation Plan for the National Programme (hereinafter: the Annual Plan) no later than by the end of a year for the next calendar year.

(2) The Annual Plan shall specify the objectives and tasks with respect to the development of Croatian audiovisual creative work and promotion of audiovisual culture, in accordance with the financial plan.

(3) At the proposal of the director of the Centre, the Council shall submit to the ministry responsible for cultural affairs a Report on the Implementation of the Annual Plan no later than by the end of June for the previous calendar year.

Public Tenders

Article 8

(1) Based on the Annual Plan and at the proposal of the director of the Centre, the Council shall announce public tenders for the promotion of development, production, advertising and distribution of audiovisual works and complementary activities.

(2) The public tenders from paragraph 1 of this Article are intended to support projects of interest to the Republic of Croatia, projects which place Croatian audiovisual culture in a European and international context, promote intellectual dialogue and development of the civil society and are of high quality.

(3) When considering and evaluating the projects of eligible candidates who applied in the public tender procedure from paragraph 1 of this Article, the main criteria for evaluation are potential of the idea, feasibility of the project and artistic relevance.

(4) The decisions on the allocation of funds based on the public tenders from paragraph 1 of this Article shall be made by the Council periodically, pursuant to the needs and particularities of categories of audiovisual activities and in accordance with the Annual Plan.

(5) Legal and natural persons engaged in audiovisual and complementary activities may participate in the public tenders from paragraph 1 of this Article in accordance with the provisions of this Law and special regulations enacted under this Law.

(6) Based on the criteria set forth in paragraphs 2 and 3 of this Article, the director of the Centre shall, subject to the prior consent of the Council and the minister responsible for culture, adopt regulations for the implementation of the National Programme, which shall define in more detailed terms the categories of public tenders as well as the requirements, planning of the funds allocation procedure, execution, reporting, work of artistic advisors and the artistic council and the obligations of the beneficiary of funds.

(7) The regulations from paragraph 6 of this Article shall specify the aid scheme in accordance with special regulations on state aid.

Implementation of the Decision on Funds Allocation

Article 9

Pursuant to the provisions of this Law, the director of the Centre shall, for the purpose of implementing the decision on the allocation of funds, conclude a contract with the project operator, which in particular specifies the conditions, terms and manner of use of the funds, manner of supervising the implementation of the contract and right to review, obligation of funds repayment in the case of their illegal and/or improper use and other obligations of the beneficiary of funds, including the obligation of respecting copyright and related rights arising under the collective agreements and other regulations.

Special Programmes

Article 10

Special programmes in the field of audiovisual activities are realised on the basis of agreements and/or contracts on co-operation or co-financing which the Centre may conclude at national and international level with government or public administration bodies, local and regional self-government units, higher education establishments and other legal persons, whose purpose is to contribute to pursuing the objectives of and implementing the National Programme.

Encouragement of Investment in the Production of Audiovisual Works

Article 11

(1) Investment in the production of audiovisual works as a cultural product is encouraged with measures stipulated by this Law for the purpose of contributing to the development of

projects in the field of audiovisual activities, creating favourable conditions for the development of Croatian and European cultural products, boosting international film co-operation and co-productions, as well as encouraging work and facilitating the development of the profession and growth of jobs and achieving long-term positive effects for the Republic of Croatia as the production site, with the aim of contributing to the upturn of audiovisual creative work and preservation of Croatian cultural heritage in the country and abroad.

(2) Encouraging investments in the production of audiovisual works by implementing the measures set forth in paragraph 1 of this Article also brings about international promotion of the Republic of Croatia, strengthening of international cultural exchange, increase in quality of the audiovisual work, development and boost of technical infrastructure, training of creative and technical staff in audiovisual and support activities.

Financial Incentive

Article 12

(1) Investment in the production of audiovisual works refers to the right of persons referred to in Article 13 paragraph 1 of this Law to financial incentive in the form of reimbursement of a specific portion of the funds spent in the Republic of Croatia for the production of audiovisual works as cultural products from Article 13 paragraph 2 of this Law.

(2) The financial incentive amounts to 25% of total costs incurred in the Republic of Croatia for the purpose of producing an audiovisual work from Article 13 paragraph 2 of this Law in the Republic of Croatia, with limitation of funds for individual audiovisual works as provided for by this Law and the regulations governing the encouragement of investments in the production of audiovisual works.

(3) The financial incentive amounts to 30% of the total costs incurred for the purpose of producing audiovisual works referred to in Article 13 paragraph 2 of this Law in the Republic of Croatia in local self-government units which are among the units ranked below average according to the law governing regional development of the Republic of Croatia, with limitation of funds for individual audiovisual works as provided for by this Law and the regulations governing the encouragement of investments in the production of audiovisual works.

(4) The basis for the calculation of the financial incentive shall be the total amount of costs incurred for the purpose of producing audiovisual works from Article 13 paragraph 2 of this Law in the Republic of Croatia, net of value added tax.

(5) Legal persons who received funding for the same audiovisual work from public sources of the Republic of Croatia and other sources of Member States of the European Union shall also be entitled to financial incentive from paragraphs 2 and 3 of this Article, provided that the sum of the total funds received, including the amount of the financial incentive from paragraphs 2 and 3 of this Article, shall not exceed the aid intensity in accordance with the state aid rules.

Entitlement to Financial Incentive

Article 13

(1) Eligible for the financial incentive from Article 12 of this Law shall be legal persons registered in the Republic of Croatia for the purposes of producing audiovisual works from paragraph 2 of this Article, who meet the criteria of the type of audiovisual work, number of points scored in the qualification test in sections referring to cultural content, contribution of human resources of the Republic of Croatia, amount of total costs incurred in the Republic of Croatia for the production of the audiovisual work, as well as other requirements stipulated by the regulations governing the encouragement of investments in the production of audiovisual works.

(2) The right to the financial incentive from Article 12 of this Law shall be exercised in relation to feature, animated and documentary films, television films and television series which are produced entirely or partially in the Republic of Croatia, and which are intended for public exhibition and meet the criteria set forth in this Law and the regulations governing the encouragement of investments in the production of audiovisual works, regardless of whether they are financed from national or international sources.

(3) Before commencing the production of the work referred to in paragraph 2 of this Article in the Republic of Croatia, the legal person from paragraph 1 of this Article submits to the Centre an application to exercise the right to financial incentive.

(4) The application from paragraph 3 of this Article shall be decided upon by the Centre at the proposal of the Commission for the Encouragement of Investment in the Production of Audiovisual Works, which shall be appointed and dismissed in accordance with the regulations governing the encouragement of investments in the production of audiovisual works.

(5) The decision from paragraph 4 of this Article guarantees to the applicant financial incentive in a specific amount upon the completion of production of the audiovisual work in the Republic of Croatia from a pool of funds earmarked for incentive measures.

(6) The applicant has the right to appeal against the decision of the Centre from paragraph 4 of this Article to the ministry responsible for cultural affairs.

(7) Upon the completion of production of the audiovisual work in the Republic of Croatia, the legal person whose application from paragraph 3 of this Article has been granted shall submit to the Centre, within the term specified in the decision, any necessary documentation to prove that all stipulated requirements and deadlines for exercising the right to the financial incentive guaranteed by the said decision have been fulfilled.

(8) The manner of exercising the right to the financial incentive from Article 12 of this Law, as well as the aid scheme in accordance with the state aid rules shall be stipulated by the minister responsible for cultural affairs at the proposal of the Centre, subject to the previous consent of the minister responsible for financial affairs.

Application of State Aid Rules

Article 14

State aid rules shall be applicable to any individual support and state aid programme under this Law.

III. PRODUCTION, DISTRIBUTION AND PUBLIC EXHIBITION OF AUDIOVISUAL WORKS

Production of Audiovisual Works

Article 15

(1) The production of audiovisual works may be carried out by a natural or legal person registered in a court or another register for performing the activity of producing audiovisual works.

(2) Natural or legal persons referred to in paragraph 1 of this Article established in the Republic of Croatia, or such persons who perform the activity in the Republic of Croatia, shall be entered in the register of producers which is kept by the Centre.

Maintaining Records on Shooting

Article 16

For the purpose of statistical monitoring of activities, producers shall inform the Centre on the course of production in accordance with the form prescribed by the Centre.

Distribution of Audiovisual Works

Article 17

Distribution of audiovisual works may be carried out by a natural or legal person registered in a court or another register for performing the activity of distribution of audiovisual works, and is entered into the register of distributors kept by the Centre.

Public Exhibition of Audiovisual Works

Article 18

(1) Public showing of audiovisual works may be carried out by a natural or legal person registered in a court or another register for performing this activity if they have at their disposal the venue and equipment in accordance with the special regulations, and who are entered in the register of exhibitors which is kept by the Centre.

(2) Prior to, during and after public exhibition of an audiovisual work, it shall not be permitted to advertise products and services for which advertising is prohibited by special regulations.

Categorisation of Audiovisual Works

Article 19

(1) Prior to the first distribution of an audiovisual work or its public exhibition, the persons referred to in Articles 17 and 18 of this Law shall in an appropriate and clearly visible manner indicate the category of the audiovisual work that it has been assigned pursuant to this Law and the regulations governing the categorisation of audiovisual works, for the purpose of protecting children and youth from the contents of audiovisual works which are inappropriate for their age.

(2) The persons referred to in paragraph 1 of this Article shall inform the Centre in writing about the category assigned to individual audiovisual works seven days before the first public exhibition or distribution.

(3) The Centre shall have the right to demand that the assigned category is changed if it has not been assigned in accordance with this Law and the regulations referred to in paragraph 1 of this Article.

(4) The regulations from paragraph 1 of this Article shall be passed by the director of the Centre, subject to the approval of the Council.

Protection of Minors from Inappropriate Contents

Article 20

(1) It is prohibited to distribute, sell and rent to minors video materials whose category is inappropriate for the underaged.

(2) The prohibition referred to in paragraph 1 of this Article also applies to the sale by means of postal order or in another similar way.

(3) It is prohibited to publicly display or advertise works referred to in paragraph 1 of this Article.

(4) The prohibition from paragraph 3 of this Article shall not apply to the sale and rental to persons of age as permitted by category in special shops or separate areas.

(5) The categorisation referred to in Article 19 of this Act shall more closely specify the identification of the works referred to in paragraph 1 of this Article, which must bear a visible warning that their distribution, selling and renting to minors is prohibited.

(6) The protection of minors from access to audiovisual contents by means of electronic publications with the features established in paragraph 1 of this Article shall be effected in accordance with special regulations.

Foreign Audiovisual Work

Article 21

(1) A foreign audiovisual work may be distributed, publicly shown and/or otherwise presented to the public in the Republic of Croatia for home use if it has been processed in the standard Croatian language or its dialects, and it has been appropriately categorized pursuant to this Law.

(2) A foreign audiovisual work may be publicly shown in the Republic of Croatia even if it has not been translated into and processed in the standard Croatian language, if it is shown at events, film fairs, national shows, film retrospectives, festivals, educational programmes, internal closed-type screenings for audiovisual industry stakeholders, realisation of projects in accordance with bilateral agreements on cultural cooperation, and when the number of exhibitions is limited.

(3) At least seven days before the start of the events referred to in paragraph 2 of this Article, the organiser shall inform the Centre of their taking place.

(4) Works in the language of national minorities may be shown in the original.

Cinema Network

Article 22

(1) Cinemas in the Republic of Croatia may join in a cinema network for the purpose of applying a single professional approach to the performance of audiovisual activities.

(2) Through its activity the Centre shall assist the promotion and development of the cinema network in the Republic of Croatia, in particular art-cinemas and cinema programmes for children and youth.

Protection and Preservation of Audiovisual Heritage

Article 23

(1) Owners and other holders of audiovisual works and other film material of historic, artistic, cultural and scientific significance or significance for the development of the cinema, shall undertake permanent measures for their protection and preservation.

(2) Audiovisual works and other film material referred to in paragraph 1 of this Article shall be protected as cultural asset and regulations on the protection and preservation of cultural assets and archival material shall be applicable to that effect.

Registers

Article 24

The content and manner of maintaining the electronic registers referred to in Articles 15, 17 and 18 of this Law shall be stipulated by regulations passed by the director of the Centre.

IV. SOURCES OF FINANCING OF AUDIOVISUAL ACTIVITIES

Funds for the Implementation of the National Programme

Article 25

(1) Funds for the implementation of the National Programme shall be secured from the state budget and part of the total annual gross income gained from performing the activities pursuant to Article 3, item a) of this Law, namely:

- Croatian Radio Television 2%
- television broadcasters at national level 0.8%
- television broadcasters at regional or city level whose coverage area encompasses more than 750,000 inhabitants 0.5%
- providers of audiovisual media services on demand 2%
- providers of media services who possess a licence for providing satellite, internet, cable transmission and other permitted forms of transmitting audiovisual programmes 0.5%
- cinema operators 0.5%

(2) Operators of public communication networks, including operators of internet access services, with the exception of operators whose basic activity is providing services of transmission and broadcasting of audiovisual and/or radio programmes of the persons referred to in paragraph 1 of this Article, shall pay for the implementation of the National Programme the amount of 0.8% of the total annual gross income gained in the previous calendar year from carrying out the activity of transmitting and/or re-transmitting audiovisual programme and their parts in public communication networks, including internet and cable distribution.

(3) The funds required for the implementation of the National Programme can also be secured from the budgets of the local and regional self-government units, international funds, donations as well as from a portion of the collected fees for private or independent use of audiovisual works.

(4) The persons referred to paragraphs 1 and 2 of this Article shall submit to the Centre, no later than by the end of April of each year for the previous calendar year, data on the total annual gross income from paragraphs 1 and 2 of this Article; otherwise the Centre will calculate the amount on the basis of publicly available annual financial statements submitted by the persons from paragraphs 1 and 2 of this Article to the competent financial agency.

(5) The Centre has the right to cause the submitted data from paragraph 4 of this Article to be verified by a statutory auditor to whom the persons from paragraphs 1 and 2 of this Article are obliged to enable access to their financial documentation.

(6) The persons from paragraphs 1 and 2 of this Article shall pay the funds for the implementation of the National Programme to the Centre on the basis of an account which in accordance with this Law is considered to be a public document, issued by the Centre for the accounting period based on the calculation of the income from paragraphs 1 and 2 of this Article for the previous calendar year.

(7) The funds from paragraph 6 of this Article shall be paid to the Centre at least quarterly.

Financial Incentive Funds

Article 26

(1) The funds for the financial incentive from Article 12 paragraph 1 of this Law shall be secured from the state budget as distributed by the ministry responsible for cultural affairs, in the context of activities and posts earmarked for incentive measures from other sources as well.

V. CROATIAN AUDIOVISUAL CENTRE

Croatian Audiovisual Centre

Article 27

(1) The Centre, as a public institution founded by the Republic of Croatia, systematically promotes audiovisual creative work and pursuant to this Law shall perform the following activities:

- prepare and implement the National Programme, thus promoting, organising and funding the preparation, development, production, distribution and exhibition of Croatian, European and international culturally valuable audiovisual works
- collect and through public tenders allocate funds for the promotion of audiovisual activities and creative work pursuant to this Law and other regulations
- support and promote the production of films by young authors and debutants
- promote, guide and organize domestic and foreign investments in Croatian audiovisual activities
- implement, pursuant to Articles 11, 12 and 13 of this Law, measures for encouraging investments in the production of audiovisual works as cultural products,
- present Croatian audiovisual activities and creative work at international festivals and events
- execute tasks and activities related to the programmes and funds of the European Union and Council of Europe in the area of audiovisual activities
- promote the participation of Croatian producers in European and international co-productions
- promote and organize domestic and international audiovisual festivals and events,
- perform and organize publishing activities
- develop and promote audiovisual culture
- perform tasks related to the control and analysis of production costs

- establish the methods and terms for the distribution of audiovisual activities for which aid was granted on the basis of a contract on the allocation of funds
- perform referral and documentation activity for audiovisual activities in the Republic of Croatia
- promote the protection, exhibition and study of audiovisual heritage
- promote self-regulation and co-regulation with a view to a more efficient implementation of this Law
- support and organize expert and professional training in the areas of audiovisual and complementary activities
- propose measures and co-operate with other authorities in combating the illegal distribution and use of audiovisual works
- promote the values and encourage measures which are important for the protection of rights and interests of children and youth, equality of genders, races, national minorities and persons with disabilities
- conduct the procedure of categorisation of audiovisual works in accordance with Article 19 paragraph 1 of this Law
- pass resolutions which contain decisions on applications regarding the exercise of the right to state aid with a view to encouraging investment in the production of audiovisual works
- determine the annual financial obligation to the payers of funds referred to in Article 25 paragraphs 1, 2 and 3 of this Law
- co-operate with professional associations, and legal and natural persons for the purpose of improving audiovisual activities,
- maintain registers in accordance with Article 24 of this Law
- file suits pursuant to the penal provisions of this Law and the provisions of the law governing minor offences.

(2) The activities from paragraph 1 subparagraphs 1, 2, 5, 12, 13, 20, 21, 22, 24 and 25 of this Article are activities from the area of the Centre's public authority.

(3) The activities of the Centre shall be regulated in more detail by the Statute of the Croatian Audiovisual Centre (hereinafter: the Statute), in accordance with the provisions of this Law.

(4) The founding rights and obligations in relation to the Centre shall be asserted, on behalf of the Republic of Croatia, by the ministry responsible for cultural affairs.

(5) In the spheres of planning, accounting procedures and financial reporting the Centre is obligated to observe the regulations pertaining to the budget system.

Funds of the Centre

Article 28

(1) The funds for the work of the Centre, including funds for salaries and material costs, shall be secured from the state budget in accordance with the financial plan.

(2) The funds for the implementation of the National Programme and encouragement of investments in the production of audiovisual works shall be secured from the state budget and other sources in accordance with this Law and other regulations.

Organisation and Management

Article 29

Bodies of the Centre are:

- Management Board,
- Director,
- Croatian Audiovisual Council.

Management Board

Article 30

(1) The Centre shall be managed by the Management Board.

(2) The Management Board shall consist of five members, one of whom is the chairman.

(3) The chairman and three members of the Management Board shall be appointed in a public tender procedure by the minister responsible for cultural affairs at the proposal of artistic professional associations and institutions.

(4) One member shall be appointed from each the economic-financial and legal profession, two from the ranks of professionals in the field of audiovisual activities, and one member shall be selected and dismissed by the employees of the Centre in accordance with a special law governing employment matters.

(5) The public tender from paragraph 3 of this Article shall be announced by the Centre at least three months prior to the end of term of the current Management Board.

(6) A person who is a Croatian citizen, has completed an undergraduate and graduate university study programme or an integrated undergraduate and graduate university study programme or specialist graduate professional study programme or an equivalent study programme, is fluent in at least one of the world's major languages and has at least five years of experience in the fields specified in paragraph 4 of this Article may be appointed chairman or member of the Management Board.

(7) The chairman and members of the Management Board cannot be members of other bodies of the Centre, government officials according to a special regulation or officials of a political party.

(8) The term of office of the chairman and members of the Management Board shall be four years.

(9) The chairman or member of the Management Board shall be dismissed before the end of the term of office:

- at his/her own request
- in the case of unexcused absence from more than three meetings in one year
- if he/she has been definitely sentenced for a criminal offence
- in other cases provided for by the Statute and this Law.

(10) In the case of termination of office of the chairman or member of the Management Board, the chairman or member of the Management Board for the remaining term shall be elected in accordance with the election procedure stipulated by this Law.

Responsibilities of the Management Board

Article 31

(1) The Management Board shall perform the following tasks:

- supervise the operations of the Centre and compliance of its operations with the law
- adopt the Statute of the Centre subject to the previous consent of the ministry responsible for cultural affairs
- adopt the Centre's other acts of general application in accordance with this Law and the Statute
- appoint and dismiss the director of the Centre
- adopt the financial plan of the Centre subject to the consent of the ministry responsible for cultural affairs
- adopt the annual financial management report of the Centre
- adopt the annual work and development programme of the Centre and supervise its implementation
- adopt the annual activity report of the Centre
- pass decisions on disposing of the funds referred to in Article 28 paragraph 1 of this Law in the amounts specified by the Statute
- once a year, and whenever requested so by the ministry responsible for cultural affairs, submit to that ministry a report on its work
- adopt its own rules of procedure
- perform other duties laid down by the Statute and this Law

(2) The annual report from paragraph 1 subparagraph of this Article shall be submitted in compliance with the deadlines specified in regulations pertaining to the budget system. The report from paragraph 1 subparagraphs 8 and 10 of this Article shall be submitted no later than by the end of June for the previous calendar year

Director

Article 32

(1) The director is the head of the Centre.

(2) The Director shall be appointed for a term of four years based on the call for applications which shall be announced by the Management Board as provided for by this Law and the Statute.

(3) In the case the Management Board fails to announce a call for applications as provided for in paragraph 2 of this Article, the call for applications shall be announced by the ministry responsible for cultural affairs.

(4) In the case the Management Board fails to dismiss the director of the Centre whose term of office has expired or to appoint an acting director of the Centre, the minister responsible for culture shall remove from office the director of the Centre and appoint an acting director.

(5) Appointed as acting director of the Centre, without a tender procedure being carried out, may be any person who meets the requirements set forth in Article 33 paragraph 1 of this Law.

(6) The term of office of acting director of the Centre shall be subject to the provisions of the law governing the activities of institutions.

Appointment and Dismissal of the Director

Article 33

(1) A person who is a Croatian citizen, has completed an undergraduate and graduate university study programme or an integrated undergraduate and graduate university study programme or specialist graduate professional study programme or an equivalent study programme, is fluent in at least one of the world's major languages, has at least five years of experience in the field of audiovisual activities and meets all other requirements stipulated by the Statute may be appointed director of the Centre.

(2) The director of the Centre shall be dismissed before the end of the term of office:

- at his/her own request
- in the case of circumstances which, under special regulations or employment regulations, may give rise to termination of the employment contract
- if he/she does not comply with the regulations or acts of general application of the institution or arbitrarily fails to exercise the decisions of the Centre or acts contrary to such decisions
- if due to his/her negligence or misconduct he/she causes damage to the Centre or if he/she neglects or improperly carries out his/her duties, thereby causing or potentially causing major disruptions in the performance of the activities
- if he/she has been definitely sentenced for a criminal offence
- in other cases provided for by the Statute and this Law.

Responsibilities of the Director

Article 34

The Director shall:

- organise and manage the work and operations of the Centre
- represent and act on behalf of the Centre
- be liable for the legality of the Centre's work
- undertake legal actions on behalf and for the account of the Centre
- adopt regulations which he is authorized to adopt under this Law
- propose to the Council the National Programme
- propose to the Council the Annual Plan and Report on the Implementation of the Annual Plan
- propose to the management Board the annual work and development programme of the Centre
- propose to the Management Board the financial plan of the Centre
- submit to the Management Board the annual financial management report
- submit to the Management Board the annual activity report of the Centre
- propose to the Management Board the Statute and other acts of general application
- implement the acts and conclusions of the Management Board and the Council
- propose to the Council the announcement of public tenders for incentives for the promotion of audiovisual activities and creative work as well as complementary activities, in accordance with the Annual Plan and the financial plan
- propose to the Council the artistic advisors
- dispose of the funds for the work of the Centre referred to in Article 28 paragraph 1 of this Law up to the amount stipulated by the Statute
- dispose of the funds from Article 28 paragraph 2 of this Law earmarked for the implementation of the National Programme
- issue preliminary certificates guaranteeing the right to state aid for the purpose of encouraging investments in the production of audiovisual works
- perform other tasks laid down by the Statute and this Law.

Croatian Audiovisual Council

Article 35

(1) The Council is composed of members who are appointed by the legal persons from paragraph 4 of this Article and the ministry responsible for cultural affairs for a term of two years pursuant to this Law.

(2) A person who is a Croatian citizen, has completed an undergraduate and graduate university study programme or an integrated undergraduate and graduate university study programme or specialist graduate professional study programme or an equivalent study programme, is fluent in at least one of the world's major languages and has at least five years of experience in the field of audiovisual activities, or has at least ten years of experience in the field of audiovisual activities if he/she has no university graduate or equivalent degree.

(3) The Council elects from among its own ranks the president and vice president of the Council.

(4) One member of the Council is appointed from each of the following:

- ministry responsible for cultural affairs
- Croatian Radio and Television
- every television broadcaster with a national concession who broadcast general programme channel
- national television associations
- Croatian Society of Film Workers
- Croatian Film Directors' Guild
- Croatian Producers' Association
- Croatian Cinematographers Society
- Croatian Screenwriters and Playwrights Guild
- non-professional film associations and amateur school companies
- professional groups of cinema exhibitors at the Croatian Chamber of Economy
- professional groups of distributors at the Croatian Chamber of Economy
- all cable distribution operators
- all higher education establishments in the field of audiovisual activities.

(5) The members of the Council shall have their alternate members who substitute them in the case of their excused absence and in cases referred to in Article 38 paragraph 6 of this Law. The alternate members of the Council shall be appointed and dismissed according to the same procedure in a call for applications as the members of the Council and they must meet the same requirements as the members of the Council.

(6) The procedure of appointment of members and alternate members of the Council shall be instituted by the Centre by announcing a public tender (call for applications) to legal persons from paragraph 4 of this Article, requiring that they submit, within a period of eight days from the date of announcement of the call for applications, their decision on the appointment of their representative and its substitute in the Council.

(7) The minister responsible for culture shall confirm the appointment of members and alternate members of the Council within 30 days from the receipt of the decisions on appointment, provided that all requirements stipulated by this Law have been met.

(8) In the case the minister responsible for culture fails to comply with the requirement to confirm the appointment within 30 days starting from the date of delivery of the act referred to in paragraph 7 of this Article, the act of appointment shall be deemed as confirmed.

(9) The representative of the ministry responsible for cultural affairs shall be appointed as member of the Council and dismissed by the minister responsible for culture.

(10) The Council may be constituted when the majority of all members have been appointed.

(11) A member of the Council and/or his/her alternate member shall be dismissed before the end of the term of office:

- at his/her own request
- in the case of unexcused absence from more than three meetings in one year
- if he/she has been definitely sentenced for a criminal offence
- in other cases provided for by the Statute and this Law.

(12) In the case of termination of office of a member of the Council or his/her alternate member, the member or his/her alternate member for the remaining term shall be elected in accordance with the election procedure stipulated by this Law.

Responsibilities of the Council

Article 36

(1) The Council shall:

- decide on matters that will be covered by co-regulation
- submit to the minister responsible for culture the Draft Proposal for the National Programme
- based on the proposal of the director of the Centre announce a public tender for the allocation of funds for the purpose of promoting audiovisual activities and creative work and complementary activities in line with the Annual Plan
- at the proposal of the director of the Centre adopt the Annual Plan and the Report on the Implementation of the Annual Plan
- at the proposal of the director of Centre, and whenever requested so by the ministry responsible for cultural affairs, submit to the ministry responsible for cultural affairs the Report on the Implementation of the Annual Plan
- upon termination of the National Programme submit a report to the Government of the Republic of Croatia
- at the proposal of the director of the Centre appoint the artistic advisors
- adopt the decision on the allocation of funds earmarked for the implementation of the National Programme
- discuss all important issues relevant for audiovisual activities
- adopt its own rules of procedure
- perform other tasks laid down by the Statute and this Law.

Artistic Advisors

Article 37

(1) Artistic advisors shall be appointed by the Council at the proposal of the director of the Centre for all the fields covered by the public tender (call for applications) for the purpose of considering and evaluating the programmes and projects which applied for the public tenders from Article 8 of this Law.

(2) The term of office of artistic advisors shall last until the Council passes the final decisions on the allocation of funds in accordance with the public tender for which he/she was appointed. The same person may be appointed artistic advisor for not more than two consecutive terms.

(3) For each public tender from Article 8 of this Law, at the proposal of the director of the Centre and in line with the procedure provided for by the regulations from Article 8 paragraph 6 of this Law, the Council shall appoint the required number of artistic advisors who shall, in particular, have the following tasks:

- carry out the professional evaluation procedure in accordance with the criteria and in forms as specified in the regulations from Article 8 paragraph 6 of this Law
- establish a list of priorities
- propose the allocation of funds
- participate in the approval of projects after their completion.

(4) Artistic advisors shall constitute the Artistic Council which shall harmonise the proposal for the list of priorities and the allocation of funds for the areas covered by the public tender.

(5) The Artistic Council adopts its own rules of procedure.

Prevention of Conflict of Interest

Article 38

(1) It shall be deemed that the director of the Centre and members of the Council have a conflict of interest if during their term of office, they or their related persons notify a project upon the Centre's public invitation to tender, of which they are project operators, authors and/or co-authors within the meaning of the law governing copyrights and related rights, and if they sit in the ownership and/or management structure of the legal entity which notified the project for the tender.

(2) It shall be deemed that an artistic advisor has a conflict of interest if during his/her term of office, he/she or his/her related persons notify a project upon the Centre's public invitation to tender, of which they are project operators, authors and/or co-authors within the meaning of the law governing copyrights and related rights, and if they sit in the ownership and/or management structure of the legal entity which notified the project for the tender.

(3) It shall be deemed that members of the Management Board have a conflict of interest if during their term of office, they notify a project upon the Centre's public invitation to tender, of which they are project operators, authors and/or co-authors within the meaning of the law governing copyrights and related rights, and if they sit in the ownership and/or management structure of the legal entity which notified the project for the tender.

(4) The members of the Centre's bodies referred to in Article 29 of this Law and the artistic advisors shall sign at their appointment a conflict of interest and confidentiality statement.

(5) Where at the time of adopting the decision on the allocation of funds the conditions set forth in paragraphs 1 and 3 of this Article are fulfilled with respect to the director of the Centre and/or members of the Management Board, no contract will be concluded with the project operator.

(6) Where at the time of adopting the decision on the allocation of funds the conditions set forth in paragraph 1 of this Article are fulfilled with respect to a member of the Council, such member shall immediately notify thereon the director of the Centre and the Council that he/she will be exempted from assessment, evaluation, discussion, voting and decision-making

processes on all projects which have been notified in that specific term or category for the tenders referred to in Article 8 of this Law.

(7) Where the conditions from paragraph 2 of this Article are met with respect to the artistic advisor, he/she shall notify immediately the Centre and the Council of such circumstances and will be dismissed.

(8) During their term of office, the director of the Centre and members of the Management Board as well as their related persons shall not enter into business transactions with the Centre and must not sit in the ownership or management structure of such legal entity.

(9) Related persons within the meaning of paragraph 1, 2 and 8 of this Article are:

- blood relative in the direct line and siblings
- spouses or cohabiting partner and life partner or informal life partner within the meaning of the law governing same-sex partnerships
- adoptive parent, adoptee, custodian and foster child within the meaning of the law governing family relations.

Video games

Article 39

The provisions of Articles 5-10, 14, 15, 19, 20, 24, 25, 37 and 38 of this Law shall apply mutatis mutandis to the production and distribution of video games.

Monitoring the Use of Allocated Funds

Article 40

Monitoring of the legal and designated use of the state aid funds allocated to beneficiaries for the promotion of audiovisual activities and creative work as well as of the complementary activities shall be carried out by the Centre.

Supervision

Article 41

(1) Supervision of financial operation of the Centre shall be carried out by the competent office of the ministry responsible for financial affairs, which supervises the operations of non-profit organisations.

(2) Supervision of the legality of work and acts of general application of the Centre shall be carried out by the ministry responsible for cultural affairs.

(3) Inspection supervision of the implementation of Articles 15, 17, 18, 19, 20 and 21 of this Law shall be carried out by economic inspectors.

VI. PENAL PROVISIONS

Article 42

(1) A pecuniary penalty in the amount of EUR 1320,00 to EUR 6630,00 shall be imposed on any legal person who:

- is not registered for the production, distribution or public exhibition of audiovisual works and performs the above activities, pursuant to Articles 15 and 17 and Article 18 paragraph 1 of this Law
- fails to inform the Centre on the shooting of an audiovisual work in the Republic of Croatia pursuant to Article 16 of this Law
- fails to appropriately and visibly indicate the categorisation of the audiovisual work prior to its first distribution or public exhibition, pursuant to Article 19 paragraph 1 of this Law
- fails to submit to the Centre a notice on the categorization of the work within the term specified in Article 19 paragraph 2 of this Law
- publicly exhibits foreign audiovisual works which have not been processed into the standard Croatian language or its dialects in line with Article 21 paragraphs 1 and 2 of this Law,
- fails to submit to the Centre data on the total annual gross income pursuant to Article 25 of this Law
- does not permit access to its financial documentation to statutory auditor pursuant to Article 25 paragraph 5 of this Law

(2) If a person who is responsible in the legal entity commits the infringements referred to in paragraph 1 of this Article, he/she shall be penalized with a fine in the amount of EUR 390,00 to EUR 1320,00.

(3) If the infringements from paragraph 1 of this Article are committed by a natural person, that person shall be penalized with a fine in the amount of EUR 10,00 to EUR 1320,00.

(4) If the infringements from paragraph 1 of this Article are committed by a natural person who is a trade owner or otherwise self-employed, that person shall be penalized with a fine in the amount of EUR 130,00 to EUR 6630,00.

(5) Protective measures prohibiting the activity or parts of activities for one year may be imposed on a legal person and natural person, trade owner or individual trader who in the course of performing their activity commit infringements referred to in paragraph 1, subparagraphs 3 and 4 of this Article, if the infringement is particularly serious owing to the way it was committed, consequences of the act, committed act related to the recovery, or other circumstances of the committed infringement which make it particularly serious.

VII. TRANSITIONAL AND FINAL PROVISIONS

Term of Office of the Centre's Bodies

Article 43

(1) The director of the Centre shall continue his/her work upon the entry into force of this Law until termination of office or his/her dismissal pursuant to the provisions of this Law.

(2) The members of the Management Board and members of the Council who are appointed in accordance with the provisions of the Law on Audiovisual Activities ("*Narodne novine*", No. 76/07 and 90/11) shall continue their work until the date of appointment of the chairman and members of the Management Board and members of the Council pursuant to the provisions of this Law.

(3) Within 30 days from entry into force of this Law, the Centre shall announce a call for proposals for the chairman and members of the Management Board and members of the Council pursuant to the provisions of this Law.

Compliance of the Work and Operations of the Centre

Article 44

(1) The Centre is obligated to ensure compliance of its work and operations and acts of general application with the provisions of this Law within six months from the date of constituting the Management Board pursuant to the provisions of this Law.

(2) Within six months from entry into force of this Law, the director of the Centre shall adopt the regulations referred to in Article 8 paragraph 6, Article 19 paragraph 1 and Article 24 of this Law.

(3) Within six months from entry into force of this Law, the minister responsible for culture shall adopt the regulations referred to in Article 13 paragraph 8 of this Law.

(4) Until the date of entry into force of the regulations from paragraphs 2 and 3 of this Article, the following shall apply:

- Regulations on the Procedure, Criteria and Timeframes for the Implementation of the National Programme for the Promotion of Audiovisual Creative Work ("*Narodne novine*", No. 144/14)
- Regulations on the Encouragement of Investment in the Production of Audiovisual Works ("*Narodne novine*", No. 3/15)
- Regulations on the Categorisation of Audiovisual Works ("*Narodne novine*", No. 127/14)

Validity of the National Programme

Article 45

The National Programme for the Promotion of Audiovisual Creative Work 2017-2021, adopted by the minister responsible for culture in 2017, shall remain in force until the end of the term for which it was adopted.

Validity of the State Aid Scheme

Article 46

Pending the decision of the authority responsible for state aid and the European Commission on the approval of the state aid scheme specified in line with the provisions of this Law and the regulations from Article 8 paragraph 6 and Article 13 paragraph 8 of this Law, the provisions of the Regulations on the Procedure, Criteria and Timeframes for the Implementation of the National Programme for the Promotion of Audiovisual Creative Work (*"Narodne novine"*, No. 144/14) and the Regulations on the Encouragement of Investment in the Production of Audiovisual Works (*"Narodne novine"*, No. 3/15) and the state aid schemes approved under them shall apply to the allocation of funds for the promotion of audiovisual creative work, audiovisual culture and preservation of audiovisual cultural heritage and of funds for encouraging investments in the production of audiovisual works.

Finalisation of Pending Procedures

Article 47

The procedures which started under the provisions of the Law on Audiovisual Activities (*"Narodne novine"*, No. 76/07 and 90/11) prior to the date of entry into force of this Law shall be finalised in line with the provisions of that Law and the regulations adopted under that Law.

Expiry of the Law

Article 48

The Law on Audiovisual Activities (*"Narodne novine"*, No. 76/07 and 90/11) shall expire on the date of entry into force of this Law.

Entry into Force of the Law

This Law shall enter into force on the eighth day from its announcement in the official gazette *"Narodne novine"*.

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Zagreb, 29 June 2018

CROATIAN PARLIAMENT