

Pursuant to Article 13 paragraph 8 of the Law on Audiovisual Activities (official gazette of the Republic of Croatia *Narodne novine* No. 61/18), the Minister of Culture, with the approval of the Minister of Finance, has adopted the following

**REGULATIONS  
TO ENCOURAGE INVESTMENT IN THE PRODUCTION OF AUDIOVISUAL  
WORKS**

(Official Gazette, No. 70/19, No. 152/22, consolidated text)

*Content of the Regulations*

Article 1

- (1) These Regulations lay down the manner, requirements, terms and criteria for exercising the right to state aid for encouraging investment in the production of audiovisual works.
- (2) Gender-related terms used in these Regulations shall equally apply to both the male and female gender.

*State Aid Programme for Encouraging Investment in the Production of Audiovisual Works*

Article 2

- (1) Pursuant to the provisions of these Regulations, the provider of state aid is the Croatian Audiovisual Centre (hereinafter: the Centre).
- (2) The aid programme, according to the legislation governing state aid and the provisions of these Regulations, is adopted by the Centre, after obtaining the opinion of the competent authority.
- (3) The financial incentives from these Regulations qualify as state aid in accordance with the legislation governing state aid in the Republic of Croatia.
- (4) The financial incentives from these Regulations shall be awarded in accordance with the provisions of the Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text with EEA relevance (OJ L 187, 26 June 2014) and Commission Regulation (EU) No. 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs (OJ L 156, 20 June 2017.) and based on the criteria and requirements set forth in these Regulations.
- (5) The incentives scheme shall be financed from the state budget of the Republic of Croatia and distributed by the ministry responsible for culture within the scope of activities and items intended for incentives, as well as from other sources.

*Criteria and Requirements for Obtaining Financial Incentive*

Article 3

- (1) State aid as a financial incentive constitutes a 25% refund of total qualifying costs incurred in the Republic of Croatia for the purpose of producing feature films, animated and documentary films, television films and 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 the Law on Audiovisual Activities and these Regulations, regardless of whether they are financed from national or international sources.

(2) The financial incentive amounts to 30% of the overall qualifying costs incurred for the purpose of producing audiovisual works referred to in Article 2 paragraph 1 of these Regulations in units which are among the units ranked below average according to the law governing regional development of the Republic of Croatia. In the case the production of audiovisual works is partially carried out in units ranked below average and partially according to the criteria set forth in Article 3 paragraph 1 of these Regulations, the financial incentive of 30% shall be calculated for the portion of total costs in accordance with Article 6 of these Regulations.

(3) The overall production costs incurred in the Republic of Croatia which form the basis for calculating the refund shall not exceed 80% of the total production budget of the audiovisual work.

(4) The financial incentive from paragraphs 1 and 2 of this Article for an individual audiovisual work cannot exceed EUR 663.614,04 unless otherwise provided for in these Regulations.

(5) The sum of state aid funds of the Republic of Croatia and other member states of the European Economic Area, including the amount of the financial incentive from these Regulations and any de minimis aid, as well as other sources of financing considered to be state aid regardless of the level of the provider, shall not exceed 50% of the total production budget of the respective audiovisual work. 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.

(6) In accordance with the state aid legislation in force, the 50% limit from the preceding paragraph of this Article shall not apply to difficult audiovisual works, including works for which de minimis aid has been granted, providing that the cumulative effect of state aid does not exceed 80% of the entire production budget of the audiovisual work.

(7) Where the Applicant can prove that the projected production costs to be incurred in the Republic of Croatia will exceed the amount of EUR 2.654.456,17 it has the right to submit an application to the Centre for exercising the right to a financial incentive (hereinafter: the Application) for the work in question in the amount exceeding EUR 663.614,04. The amount of the incentive as well as additional obligations of the Applicant shall be determined by the Centre in proportion to the available funds, pursuant to these Regulations.

(8) In order to obtain a financial incentive, the submitted work must score a minimum number of points in the Qualification Test from Annexes 1 and 1 a of these Regulations and meet any other criteria set forth in these Regulations.

### *Eligibility Criteria for the Applicant*

#### Article 4

(1) The Applicant must be a legal entity registered in the Republic of Croatia for the purposes of producing audiovisual works referred to in Article 3 paragraph 1 of these Regulations who meets the following criteria:

1. that, in the capacity of producer, co-producer and/or production service provider of a foreign work (production service company), it produces a feature, animation or documentary film, television film or television series from Article 3 paragraph 1 of these Regulations, entirely or partially in the Republic of Croatia,
2. that it has acquired the copyright to the script for the purpose of producing the respective audiovisual work or that it is the production service provider that has been contracted by a foreign legal entity which has acquired the copyrights to the script for the purpose of producing the respective foreign work,

3. that it has in the three year period prior to submitting the Application in the capacity as producer, co-producer and/or production service provider of a foreign work (production service company) produced at least one audiovisual work (feature film, documentary, animation, television film or television series) which has been publicly exhibited in at least one of the following ways: commercially distributed in theatres and/or broadcast on television and/or screened at minimally one international film or television festival,
4. that it has at its disposal comprehensive data regarding the total budget of the audiovisual work for which the incentive is sought (in the case of a cross-border or international co-production in which a Croatian legal entity is a co-producer) or has at its disposal data regarding the amount of the total budget of the audiovisual work for which the incentive is sought (in the case of a foreign work).

(2) A legal entity registered in the Republic of Croatia can also be a foreign company duly registered in accordance with the regulations of its domicile country outside of the Republic of Croatia provided that, in accordance with the regulations in force, it establishes a subsidiary in the Republic of Croatia. If the subsidiary is established by a foreign company whose domicile office is not in the European Union or another European Economic Area contracting state, it must have been commercially registered in its domicile country for at least two years and submit to the Centre proof of such registration.

(3) The production service provider of a foreign work (production service company) from paragraph 1 subparagraph 1 of this Article is a legal entity registered in the Republic of Croatia for the purposes of producing audiovisual works which is contracted by a foreign legal entity to provide production services for the foreign work in the Republic of Croatia and submits the application according to these Regulations.

(4) By way of derogation from paragraph 1 subparagraph 3 of this Article, the Applicant can also be a legal entity which has not produced at least one audiovisual work in the three years prior to the Application, but whose founder or director/Board member is a producer, co-producer, executive producer or line producer of at least one audiovisual work in the category for which the incentive is sought and which meets the public exhibition requirements from paragraph 1 subparagraph 3 of this Article in the three year period prior to the Application, for which he/she submits written evidence of his/her production credit on the audiovisual work produced, or if it has commissioned a person responsible for the production at the position of executive or line producer with operational experience in the production of an equivalent audiovisual work.

(5) The Applicant and/or beneficiary of funding cannot be an entity from paragraph 1 of this Article if such an entity:

- is an entrepreneur in difficulties,
- is in the process of bankruptcy, litigation, and/ or liquidation,
- has been ordered to reimburse unlawful State aid or is in the process of reimbursement of State aid,
- has unpaid outstanding liabilities due to the government and/or to the Centre,
- if against the Applicant and a representative authorized by law has been finally convicted for one or several of the following criminal offences: fraud (Article 236), fraud in economic business operations (Article 247), accepting a bribe in economic business operations (Article 252), offering a bribe in economic business operations (Article 253), malpractice in procurement procedures (Article 254), tax or customs evasion (Article 256), subsidy fraud (Article 258), money laundering (Article 265), abuse of office and official authority (Article 291), illegal preferential treatment (Article 292), accepting a bribe (Article 293), offering a bribe (Article 294), trading in influence (Article 295), offering a bribe for trading in influence (Article 296), criminal organisation (Article 328) and organized criminal offences (Article 329) as defined by the law governing criminal offences and the execution of criminal penalties.

(6) In the case of an international or cross-border co-production in which one of the co-producers is a legal entity registered in the Republic of Croatia for purposes of producing audiovisual works with majority or minority financial participation, the Croatian co-producer shall act as the Applicant in the procedures relating to the financial incentive provided for in these Regulations.

(7) In the case of a foreign production, regardless of the number of producers and countries of their origin, where none of the producers is a legal entity registered in the Republic of Croatia for the purposes of producing audiovisual works, a delegate producer is required to employ a domestic production service company for the production of a foreign work who shall be the designated Applicant in the procedures relating to the financial incentive, as provided for in these Regulations.

### *Criteria an Audiovisual Work Must Meet in Order to Qualify for a Financial Incentive*

#### Article 5

(1) Audiovisual works eligible for a financial incentive are:

- feature films, documentaries, animations, television films or television series,
- works which are being entirely or partially produced in the Republic of Croatia,
- works which are intended for public exhibition, and
- works which have scored a minimum required number of points in the Qualification Test from Annexes 1 and 1a respectively of these Regulations.

(2) A financial incentive according to these Regulations may also be sought for:

- a foreign work referred to in paragraph 1 of this Article, for which a foreign legal entity registered for the purposes of producing audiovisual works outside of the Republic of Croatia or European Economic Area has acquired the copyrights to the script,
- an international or cross-border co-production, in which one of the co-producers is a legal entity registered in the Republic of Croatia for the purposes of producing audiovisual works, with majority or minority financial participation.

(3) The financial incentive granted under these Regulations may be cumulated with other state aid, provided that they refer to different eligible costs.

(4) Where the Application for financial incentive refers to an audiovisual work which is funded from public sources of the Republic of Croatia and from state aid funds, the financial incentive under these Regulations shall be calculated solely for the costs incurred for the production of an audiovisual work in the Republic of Croatia which exceeds the amount of granted funds from public sources and state aid funds, in amounts pursuant to paragraph 7 subparagraph 1 of this Article.

(5) If the Applicant is the beneficiary of aid granted by the Centre or according to another legal basis, and/or uses public and state aid funding for the same audiovisual work, he shall upon finalization of the recording of the audiovisual work submit to the Centre a consolidated audit report, indicating precisely which eligible costs have been used on which basis.

(6) The Qualification Test from paragraph 1 indent 4 of this Article is a test completed by the Applicant for the purpose of evaluating, based on a points system, the cultural content of the audiovisual work for which the incentive is sought, the contribution of human resources, and the exploitation of production capacities of the Republic of Croatia and other member states of the European Economic Area. The Application who scores a higher number of points in the Qualification Test than the works of other applicants shall not be entitled to any privileges regarding its processing order or reservation of funds.

(7) Apart from the requirements set forth in paragraph 1 of this Article, in order to obtain a financial incentive, the audiovisual work must also meet the following requirements:

1. the amount of total costs incurred in the Republic of Croatia associated with the production of the work from paragraph 1 of this Article, net of value added tax, has to amount to a minimum of EUR 265.445,62 for a feature film, EUR 39.816,84 for a

documentary, EUR 66.361,40 for an animation, EUR 132.722,81 for a television film, and a minimum of EUR 99.542,11 for one episode of a television series, EUR 59.725,26 for one episode of documentary television series and EUR 66.361,40 for an animated television series with a minimum total duration of 24 minutes, where the said minimum amount cannot exceed 50% of the total budget of the audiovisual work production.

2. at least 50% of cast and crew employed in the Republic of Croatia for the production of the work from paragraph 1 of this Article must be Croatian citizens or citizens of EEA member states when the work is being entirely produced in the Republic of Croatia, and Croatian citizens or tax residents of the Republic of Croatia when the work is a co-production, or
3. at least 30% of cast and crew employed in the Republic of Croatia for the production of the work from paragraph 1 of this Article must be Croatian citizens or citizens of EEA member states when the work is being partially produced in the Republic of Croatia, and partially in other country/countries, and Croatian citizens or tax residents of the Republic of Croatia when the work is a co-production, and
4. when the financial incentive exceeds EUR 663.614,04, in addition to meeting the afore-mentioned requirements, the Applicant must employ at least 1 (one) trainee who is a Croatian citizen or a tax resident of the Republic of Croatia in each of the main production departments represented in the production of the respective audiovisual work (Art, Production, Camera, Costume, Directing, Hair and Makeup, Stunts, VFX/SFX).

(8) Works not eligible for a financial incentive are:

- promotional audiovisual works and/or commercials
- works which advocate violence, racism, hate speech and/or has pornographic content and similar
- works which promote behaviour contrary to interests of public health, protection of human rights, public security, and similar
- daytime drama (“soap opera”)
- situation comedy (“sitcom”).

(9) The Applicant acquires the right to a financial incentive for the work from paragraphs 1 and 2 of this Article on condition that on the day the Application is submitted, among other things, it has secured at least 70% of funding needed to cover the cost of production of the audiovisual work in the Republic of Croatia.

#### *Eligible Costs*

##### Article 6

(1) Costs relating to goods and services sourced and purchased in the Republic of Croatia within the scope of producing the audiovisual work from Article 3 of these Regulations are considered eligible for financial incentive.

(2) Financial incentive of 30% is calculated for the costs relating to goods and services sourced and purchased 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.

(3) When the production of an audiovisual work partially takes place in units ranked below the average and the Applicant cumulates the Application for financial incentive from Article 3 paragraphs 1 and 2 of these Regulations, the financial incentive of 30% shall be calculated for the portion of total costs in accordance with paragraph 1 of this Article, less the costs from paragraph 2 of this Article, which is in proportion to the share of filming days in units ranked below the average in the total number of filming days in the Republic of Croatia.

(4) The eligible costs are specified in Annex 2, which is an integral part of these Regulations.

*The Centre's Commission for the Encouragement of Investment in the Production of  
Audiovisual Works*

Article 7

(1) The Centre's Commission for the Encouragement of Investment in the Production of Audiovisual Works (hereinafter: the Commission) has five members: one member from the Ministry of Culture, two producers from the Croatian Producers' Association, one member from the Ministry of Finance and one member from the Centre. Members of the Commission may have substitutes who stand in for an individual member in case he/she is prevented, for whatever reason, from participating in the work of the Commission.

(2) Members of the Commission and their substitutes shall be appointed and relieved by the Minister of Culture upon the recommendation of the body from which they originate for a period of two years. Members of the Commission and their substitutes can be reappointed.

(3) For the duration of his/her term, a member of the Commission shall not participate in the assessment of Applications:

- for audiovisual works which he/she is a producer, co-producer, production service provider or contributor of,
- submitted by a legal entity in whose ownership structure and/or management structure he/she sits, or in which he/she is employed.

(4) A member of the Commission who has a conflict of interest within the meaning of paragraph 3 of this Article is required to promptly inform the Centre about such conflict and excuse himself/herself from assessing the Application. In such a case, the member of the Commission shall be substituted by his/her substitute.

(5) The Commission meets as required, however at least once every three months, at the premises of the Centre, for the purposes of evaluating Applications and assessing whether the requirements for obtaining the financial incentive set out in these Regulations are met, upon which it issues a reasoned proposal for a decision.

(6) The work and decision-making process of the Commission are stipulated by its Rules of Procedure.

(7) Members of the Commission and their substitutes are entitled to remuneration for their work. The amount of the remuneration shall be determined by the Ministry of Culture in accordance with the Decision of the Government of the Republic of Croatia regarding the amount of remuneration to the members of commissions, committees, councils, working groups and other similar bodies.

*Application for Exercising the Right to a Financial Incentive*

Article 8

(1) Not later than 8 days before the principal photography of the audiovisual work from Article 3 of these Regulations in the Republic of Croatia or first animation done in the Republic of Croatia (in the case of an animated film or animated series), the Applicant shall submit to the Commission:

1. a completed Application form available on the Centre's website,
2. a certificate from the competent authority that all payment obligations to the state have been fulfilled, which is not older than 30 days,
3. an extract from the criminal records confirming that the Applicant (legal entity) and the responsible person signing the application have not been finally convicted for criminal offences from Article 4 paragraph 5 of these Regulations,
4. proof of public exhibition of a work which it produced during the last three years
  - for a feature film – the distributor's/exhibitor's confirmation and a newspaper clipping as proof of regular cinema distribution or a certificate from a national broadcaster confirming the broadcast of the work in question,
  - for an animation, short fiction film or documentary – evidence of screening in a programme of at least one international film festival,

5. the script and short outline (synopsis) of the work from Article 3 of these Regulations for which a financial incentive is sought, and in the case of a television series the treatment of the entire audiovisual work, subject to the submission of the scripts for the individual episodes not later than 8 days before the start of the filming of each episode,
  6. the total budget (cost statement) of the work for which the incentive is sought, in the case of an international or cross-border co-production in which a Croatian legal entity is a co-producer; or information regarding the amount of the total budget of the audiovisual work for which the incentive is sought, in case of an international service production,
  7. the financing plan for the entire audiovisual work, in which all sources of financing are clearly indicated (both domestic and foreign), together with the exact amount of state aid from the Republic of Croatia and member states of the European Economic Area, as well as the contribution percentage of each and every source of financing in the total production budget of the work,
  8. a list of all planned expenditure for the production of the work in the Republic of Croatia (local budget),
  9. a list of all artistic and technical crew engaged in the production of the audiovisual work in the Republic of Croatia (cast and crew list), which also indicates the nationality and domicile or place of business relevant for tax purposes,
  10. the operational production schedule for the Republic of Croatia and the filming schedule
  11. complete operational production schedule with the final completion date,
  12. the cash flow plan for the production in the Republic of Croatia
  13. proof that at least 70% of financing required to cover the cost of production of the work from Article 3 of these Regulations in the Republic of Croatia has been secured (e.g. contracts, deal-memos, letters of intent with precise amounts, bank guarantees, etc.),
  14. proof of compliance with the terms set out in Article 4 Paragraph 2 of these Regulations,
  15. a completed Qualification Test form from Annexe 1 and Annex 1a of these Regulations
  16. a signed Producer's Statement.
- (2) The Applicant shall submit to the Centre the certificate from paragraph 1 item 2 of these Regulations of duly paid obligations to the state also after completion of filming in the Republic of Croatia, prior to the pay out of the financial incentive in accordance with these Regulations.
- (3) For an international or cross-border co-production, the Croatian co-producer or co-producer from an EEA member state shall, in addition to the Application, enclose a notarized copy of the co-production deal-memo or contract, together with the proof of confirmed sources of funding.
- (4) For a foreign production, the production service provider is required to enclose a notarized copy of the cooperation deal-memo or agreement with a foreign entity (so-called production service agreement).
- (5) All documents from paragraph 1 of this Article must be submitted in the Croatian language, and deal-memos/contracts from paragraph 2 and 3 of this Article must be translated into Croatian by a certified translator.

### *Exercising the Right to a Financial Incentive*

#### Article 9

- (1) In response to the proposal of the Commission, the Centre shall issue a provisional certificate guaranteeing the Applicant the right to a financial incentive in the amount

determined on the basis of the planned production budget and the documentation defined by these Regulations.

(2) In the event that the foreign company that has met the conditions for obtaining a provisional certificate has failed to submit proof of establishment of its subsidiary in accordance with the regulations of the Republic of Croatia in force and the stipulations of these Regulations, the Centre will, in the form of a conclusion, grant to the Applicant a reasonable period to meet such obligation, which may not be shorter than 15 (fifteen) days. In the event that the Applicant fails to submit proof of compliance with the required obligation within the specified period, the Application shall be rejected as incomplete.

(3) The provisional certificates guaranteeing the exercise of rights from paragraph 1 of this Article are issued on a first come first served basis, based on the order in which applications are received.

(4) After the completion of production of the audiovisual work in the Republic of Croatia and based on the calculation of the actually incurred production costs in the Republic of Croatia and the documents as specified in these Regulations, the Centre shall, in response to the proposal of the Commission adopt a Payment Certificate establishing the final amount of the financial incentive that will be paid to the Applicant from the funds earmarked for incentives.

(5) Claims under the provisional certificate from paragraph 1 of this Article cannot be transferred to a third party and any such transfer shall produce no legal effects.

#### *Obligations of the Legal Entity to Which the Provisional Certificate Was Issued*

##### Article 10

(1) Upon completion of the production of the work in the Republic of Croatia, the legal entity which received the provisional certificate is required to submit to the Centre, within a timeframe determined by the certificate, the following documentation:

- the final accounts for the production of the work from Article 3 of these Regulations in the Republic of Croatia, certified by a chartered auditor registered in the Republic of Croatia whose expenses are paid for by the Applicant, and in the case provided for in Article 5 paragraph 5 of these Regulation also the consolidated audit report with and exact indication of which eligible costs are used on which basis,
- copies of documents proving that all payment obligations related to the production of the audiovisual work in the Republic of Croatia, including obligations to the state, have been met, certified by a chartered auditor registered in the Republic of Croatia whose expenses are paid for by the Applicant.

(2) The Commission shall determine the conformity of evidence from paragraph 1 of this Article with the list of planned expenditure for the production of the work carried out in the Republic of Croatia and with other documents on the basis of which the Applicant has been issued the provisional certificate.

(3) The legal entity to which the provisional certificate has been issued is obliged to promptly notify the Centre in cases where, after the issuance of the certificate there has been:

- a change in the scheduled date of principal photography or animation (in case of an animation film or animation series) of more than thirty days,
- a change in the submitted financing plan for the entire production that contains all the sources of financing by more or less than 10%
- an essential change in legal and/or factual circumstances.

(4) The decision on the follow-up to the circumstances from paragraph 3 of this Article shall be made by the Centre in response to the proposal of the Commission.

#### *Payment of the Financial Incentive*

##### Article 11



(1) The funds for the financial incentives are planned in the annual State Budget of the Republic of Croatia and are allocated to the Centre from the budget line of the Ministry of Culture upon entry into force of the Provisional Certificate. Any funds that have remained unused during the fiscal year in which originally committed by way of Provisional Certificates may be re-committed to projects that have applied to a financial incentive in the previous year and which have not been issued a Provisional Certificate in the same year. The Centre shall return all remaining unused funds it has received in the previous year to the State Budget by June 30 of the current year.

(2) In addition to the funds provided for in accordance with paragraph 1 of this Article for financial incentives may also be provided by other sources.

(3) The Centre shall carry out the payment of the financial incentive specified in the Payment Certificate from Article 9 of these Regulations to the account of the Applicant held with a commercial bank in the Republic of Croatia, provided that the Applicant has fulfilled its obligations from the Article 10 of these Regulations and that the budget funds for the financial incentive and funds from other sources have been transferred to the account of the Centre.

(4) Regardless of the type of production, and subject to the requirements from paragraph 3 of this Article, the Centre shall carry out the payment of the financial incentive specified in the Payment Certificate from Article 9 of these Regulations to a dedicated bank account that the Applicant has opened with a commercial bank in the Republic of Croatia, specifically for the purpose of producing the audiovisual work in question, including a dedicated cash account.

(5) The final amount of the financial incentive as established in the Payment Certificate shall not exceed the amount established in the Provisional Certificate.

#### *Obligations of the state aid provider*

##### Article 12

(1) The provider of state aid under these Regulations is obligated to publish the entire text of the approved aid scheme through its webpages, as well as its implementing regulations, the name of the aid beneficiary, the name of the Applicant and the project that received the financial incentive, the amount and intensity of state aid expressed as a percentage of the total production cost of the project that is the recipient of the state aid.

(2) The provider of state aid is obligated to keep the afore-mentioned information for a minimum of 10 years and make it publically available in accordance with the applicable regulations governing the right of access to information.

#### *Qualification Test*

##### Article 13

The Qualification Test for co-production and service production (A Cultural contents and Exploitation of production potentials of the Republic of Croatia, B Contribution of human resources) and the List of eligible costs are Annexes 1, 1a and 2 respectively and they form an integral part of these Regulations.

#### *Transitional and Final Provisions*

##### Article 14

(1) The procedures which have been initiated in accordance with the Regulations on Encouraging Investment in the Production of Audiovisual Works (*Narodne novine*, No. 86/12, 104/12, 105/13 and 83/14, 03/15) by the date of entry into force of these Regulations

shall be finalized in accordance with that Regulations, apart from the applications which are submitted after the date of entry into force of the Law on the Audiovisual Activities (*Narodne novine*, No. 61/18).

(2) The Centre shall use any unused funds from the previous year relating to the procedures that were started in accordance with the provisions of the Regulations on Encouraging Investment in the Production of Audiovisual Works (*Narodne novine*, No. 86/12, 104/12, 105/13 and 83/14, 03/15) by no later than 30 September 2019.

#### *Expiry of the Regulation*

##### Article 15

Once entered into force, these Regulations shall supersede the Regulations to Encourage Investment in the Production of Audiovisual Works (*Narodne novine*, number 86/12, 104/12, 105/13 and 83/14, 03/15).

#### *Entry into Force*

##### Article 16

These Regulations shall enter into force on the eighth day following its publication in the official gazette „*Narodne novine*“.

CLASS: 612-11/18-01/0046

REF. NO.: 532-07/1-19-11

Zagreb, 12 July 2019

MINISTER

Nina Obuljen Koržinek, PhD

ANNEX 1

**QUALIFICATION TEST FOR CO-PRODUCTIONS**

PROJECT TITLE	
APPLICANT	

DATE AND SIGNATURE: \_\_\_\_\_

Basic requirements: to be eligible, the project must score a minimum total of 22 points (out of a maximum of 44), provided that at least 6 points are scored in Section A (Cultural Content), at least 10 points are scored in Section B (Contribution of Human Resources) and at least 6 points are scored in Section C (Exploitation of Production Potentials of the Republic of Croatia).

**SECTION A – CULTURAL CONTENT**

		Maximum score possible	Number of points scored
A1	Storyline and topic of the work are based on a person, character or events which are part of Croatian or European culture, history, mythology or religion or narratively coherent interpretations of the past and the future	2	
A2	The work is set in a Croatian location or another European location, or its pictures represent Croatia or another European country or cultural setting	2	
A3	The work is inspired by or based on the adaptation of an existing literary, musical, theatrical or audiovisual work	2	
A4	The work focuses on contemporary political, social or cultural topics and/or contents	2	
A5	The final version of the work is in the Croatian or another European language	2	
A6	The work features a contemporary artist from another discipline and his/her contribution is a substantial part of the work	2	
<b>TOTAL SECTION A (A1+A2+A3+A4+A5+A6)</b>		<b>12</b>	

**SECTION B – CONTRIBUTION OF HUMAN RESOURCES**

		Maximum score possible	Number of points scored
B 1	Contributors to the work include Croatian citizens and tax residents of the Republic of Croatia in their role as:		
	a) director	1	
	b) producer	1	
	c) at least one creator: - scriptwriter -screenwriter -director of photography -composer -head animator - layout man -composer	1	
	d) at least one Creative Collaborator or Head of Department:		
	For feature and documentary works*: - production manager - wardrobe director - costume designer - editor - sound editor - camera operator - first assistant director - art director - make-up artist - visual effects supervisor - unit manager *2 points for one, 1/2 point for each next one, maximum 7 points	7	
	<b>OR</b>		
	For animations*: - animator - assistant animator - compositing - cleaner - character artist - background designer - light designer - phaser - colourist - puppet designer - modeler - editor - motion capture supervisor - camera operator - rendering of images - rigger - art director - special effects supervisor	7	

- special effects cameraman *2 points for one, 1/2 point for each next one, maximum 7 points		
e) Lead role or voice in animation	1	
f) At least 3 supporting roles or voices	1	
g) At least 1 trainee in one of the main departments	2	
<b>TOTAL B1</b>	<b>14</b>	

<b>B</b>		
<b>2</b>	<b>Other cast and crew members participating in the production</b>	
	At least 50% of the cast and crew members of the work realized in Croatia, with exception of the contributors who scored points in B1 and extras, are Croatian citizens or tax residents of the Republic of Croatia.	6
	<b>OR</b>	
	At least 40% of the cast and crew members of the work realized in Croatia, with exception of the contributors who scored points in B1 and extras, are Croatian citizens or tax residents of the Republic of Croatia.	4
	<b>OR</b>	
	At least 30% of the cast and crew members of the work realized in Croatia, with exception of the contributors who scored points in B1 and extras, are Croatian citizens or tax residents of the Republic of Croatia.	3
	<b>TOTAL B2</b>	<b>6</b>

<b>TOTAL SECTION B (B1+B2)</b>	<b>20</b>	
--------------------------------	-----------	--

**SECTION C – EXPLOITATION OF PRODUCTION  
POTENTIALS OF THE REPUBLIC OF CROATIA**

		Maximum score possible	Number of points scored
C1	Shooting and/or production takes place at locations or in studios in Croatia		
	At least 50% of the total number of shooting/production days are in Croatia	5	
	<b>OR</b>		
	At least 30 to 50% of the total number of shooting/production days are in Croatia	3	
	<b>OR</b>		
	At least 15 to 30% of the total number of shooting/production days are in Croatia	2	
<b>TOTAL C1</b>		<b>5</b>	
C2	Production uses Croatian service providers based in Croatia		
	At least 50% of the total production service expenses incurred in Croatia are paid to the Croatian service provider.	7	
	<b>OR</b>		
	At least 30% of the total production service expenses incurred in Croatia are paid to the Croatian service provider.	5	
	<b>OR</b>		
	At least 15% of the total production service expenses incurred in Croatia are paid to the Croatian service provider.	3	
<b>TOTAL C2</b>		<b>7</b>	
<b>TOTAL SECTION C (C1+C2)</b>		<b>12</b>	
<b>TOTAL A + B + C</b>		<b>44</b>	

ANNEX 1a

**QUALIFICATION TEST FOR SERVICE CO-PRODUCTIONS**

PROJECT TITLE	
APPLICANT	

DATE AND SIGNATURE: \_\_\_\_\_

Basic requirements: to be eligible, the project must score a minimum total of 14 points (out of a maximum of 36), provided that at least 4 points are scored in Section A (Cultural Content), at least 6 points are scored in Section B (Contribution of Human Resources) and at least 4 points are scored in Section C (Exploitation of Production Potentials of the Republic of Croatia).

**SECTION A – CULTURAL CONTENT**

		Maximum score possible	Number of points scored
A1	Storyline and topic of the work are based on a person, character or events which are part of Croatian or European culture, history, mythology or religion or narratively coherent interpretations of the past and the future	2	
A2	The work is set in a Croatian location or another European location, or its pictures represent Croatia or another European country or cultural setting	2	
A3	The work is inspired by or based on the adaptation of an existing literary, musical, theatrical or audiovisual work	2	
A4	The work focuses on contemporary political, social or cultural topics and/or contents	2	
A5	The final version of the work is in the Croatian or another European language	2	
A6	The work features a contemporary artist from another discipline and his/her contribution is a substantial part of the work	2	
<b>TOTAL SECTION A (A1+A2+A3+A4+A5+A6)</b>		<b>12</b>	

**SECTION B – CONTRIBUTION OF HUMAN RESOURCES**

		Maximum score possible	Number of points scored
B1	Contributors to the work include Croatian citizens or citizens of EEA countries in their role as:		
	a) director	1	
	b) producer	1	
	c) at least one creator: - scriptwriter - screenwriter - director of photography - composer - head animator - layout man - composer	1	
	d) at least one Creative Collaborator or Head of Department:		
	For feature and documentary works: - production manager - wardrobe director - costume designer - editor - sound editor - camera operator - first assistant director - art director - make-up artist - visual effects supervisor - unit manager	1	
	<b>OR</b>		
	For animations*: - animator - assistant animator - compositing - cleaner - character artist - background designer - light designer - phaser - colourist - puppet designer - modeler - editor - motion capture supervisor - camera operator - rendering of images - rigger - art director - special effects supervisor - special effects cameraman	1	
	e) lead role or voice	1	
	f) At least 3 supporting roles or voices	1	



TOTAL B1	6	
----------	---	--

B2	Trainees employed for the production		
	At least 3 trainees in one of the main production departments are Croatian citizens or tax residents if Croatia	2	
TOTAL B2		2	

B3	Other cast and crew members participating in the production		
	At least 50% of the cast and crew members of the work realized in Croatia, with exception of the contributors who scored points in B1 and B2 and extras, are Croatian citizens or citizens of EEA countries.	6	
	OR		
	At least 40% of the cast and crew members of the work realized in Croatia, with exception of the contributors who scored points in B1 and B2 and extras, are Croatian citizens or citizens of EEA countries.	4	
	OR		
	At least 30% of the cast and crew members of the work realized in Croatia, with exception of the contributors who scored points in B1 and B2 and extras, are Croatian citizens or citizens of EEA countries.	3	
TOTAL B3		6	

<b>TOTAL SECTION B (B1+B2+B3)</b>	14	
-----------------------------------	----	--

**SECTION C – EXPLOITATION OF PRODUCTION POTENTIALS OF THE REPUBLIC OF CROATIA**

		Maximum score possible	Number of points scored
C1	Shooting and/or production takes place at locations or in studios in Croatia		
	At least 50% of the total number of shooting/production days are in Croatia	5	
	OR		
	At least 30 to 50% of the total number of shooting/production days are in Croatia	3	
	OR		
	At least 15 to 30% of the total number of shooting/production days are in Croatia	2	
<b>TOTAL C1</b>		<b>5</b>	
C2	Production uses Croatian service providers based in Croatia		
	At least 50% of the total production service expenses incurred in Croatia are paid to the Croatian service provider.	5	
	OR		
	At least 30% of the total production service expenses incurred in Croatia are paid to the Croatian service provider.	3	
	OR		
	At least 15% of the total production service expenses incurred in Croatia are paid to the Croatian service provider.	2	
<b>TOTAL C2</b>		<b>5</b>	
<b>TOTAL SECTION C (C1+C2)</b>		<b>10</b>	
<b>TOTAL A + B + C</b>		<b>36</b>	

ANNEX 2

**LIST OF ELIGIBLE COSTS**

<b>1. PRE-PRODUCTION COSTS</b>	
<input type="checkbox"/>	<input type="checkbox"/> Project research and development (research material costs fees of project collaborators) only in the case of documentary and feature-documentary films.
<input type="checkbox"/>	<input type="checkbox"/> Location scouting
<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> Accommodation and transportation (boat rental, tolls, bridge toll, rental of vehicles, rental of walkie-talkies, costs of recording with drones)
<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> Catering
<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> Per diems
<input type="checkbox"/>	<input type="checkbox"/> The fees for the creative and production teams scouting locations and expert associates with all applicable duties (taxes, surtaxes, tax assessments, contributions) for Croatian citizens and tax residents in the Republic of Croatia respectively, accrued and paid in the Republic of Croatia based on the applicable regulations.
<input type="checkbox"/>	<input type="checkbox"/> Various permits
<b>2. FEES</b>	
Fees for the creative, production and technical human resources with all applicable duties (taxes, surtaxes, tax assessments, contributions) for Croatian citizens and tax residents in the Republic of Croatia respectively, accrued and paid in the Republic of Croatia based on the applicable regulations.	
<input type="checkbox"/>	<input type="checkbox"/> Direction department
<input type="checkbox"/>	<input type="checkbox"/> Production department
<input type="checkbox"/>	<input type="checkbox"/> Organization department
<input type="checkbox"/>	<input type="checkbox"/> Cast department
<input type="checkbox"/>	<input type="checkbox"/> Extras department
<input type="checkbox"/>	<input type="checkbox"/> Stuntmen department
<input type="checkbox"/>	<input type="checkbox"/> Art department (production design, construction, props and studio)
<input type="checkbox"/>	<input type="checkbox"/> Grip department
<input type="checkbox"/>	<input type="checkbox"/> Special effects department
<input type="checkbox"/>	<input type="checkbox"/> Animation department

<input type="checkbox"/>	<input type="checkbox"/>	o Characters modelling department
<input type="checkbox"/>	<input type="checkbox"/>	o Set modelling department
<input type="checkbox"/>	<input type="checkbox"/>	o Costume department
<input type="checkbox"/>	<input type="checkbox"/>	o Make-up, hair and prosthetics department
<input type="checkbox"/>	<input type="checkbox"/>	o Lighting department
<input type="checkbox"/>	<input type="checkbox"/>	o Camera department
<input type="checkbox"/>	<input type="checkbox"/>	o Sound department
<input type="checkbox"/>	<input type="checkbox"/>	o Location management department
<input type="checkbox"/>	<input type="checkbox"/>	o Catering department (catering, craft service)
<input type="checkbox"/>	<input type="checkbox"/>	o Music department
<input type="checkbox"/>	<input type="checkbox"/>	o Picture editing department
<input type="checkbox"/>	<input type="checkbox"/>	o Sound editing department
<input type="checkbox"/>	<input type="checkbox"/>	o Music editing department
<input type="checkbox"/>	<input type="checkbox"/>	o Dubbing, ADR and Foley
<input type="checkbox"/>	<input type="checkbox"/>	o Specialized on-set/location services (doctors, nurses, vets, mountain service etc.)
<input type="checkbox"/>	<input type="checkbox"/>	o Script consultants or on-set assistants
<b>3. PRODUCTION DESIGN AND COSTUMES</b>		
<input type="checkbox"/>	<input type="checkbox"/>	o Set dressing and props purchase, make and hire
<input type="checkbox"/>	<input type="checkbox"/>	o Studio build and adaptation costs (material and rental of machines and tools)
<input type="checkbox"/>	<input type="checkbox"/>	o Studio and set hire
<input type="checkbox"/>	<input type="checkbox"/>	o Hire and incremental purchase costs for equipment
<input type="checkbox"/>	<input type="checkbox"/>	o Location hire/lease
<input type="checkbox"/>	<input type="checkbox"/>	o Animal hire
<input type="checkbox"/>	<input type="checkbox"/>	o Hire/lease of movable and immovable property (props, rental of vehicles for films)
<input type="checkbox"/>	<input type="checkbox"/>	o Hire of structures and infrastructures required for the filming of the audiovisual work (mobile kitchen, toilet, trailers, tents, busses, for costumes and make-up)

	o	Costume costs (including all costs of services, make, hire and purchase of goods related to the costumes for the audiovisual work)
	o	Costs related to character modelling, set and background construction (expenses for services, hire and purchase of consumables for animated audiovisual works)
	o	Costs of special effects, consumables, film weapons, film ammunition
	o	Make-up, hair and prosthetics costs
<b>4. TECHNICAL EQUIPMENT</b>		
	o	Grip hire and purchase of consumables
	o	Lighting equipment hire and purchase of consumables
	o	Hire of camera equipment (including boat for the camera and safety equipment for stuntmen and cast) and ancillary technical equipment, hire of sound equipment and ancillary equipment, animation equipment hire, compositing and rendering, purchase of ancillary consumables for camera equipment and ancillary technical equipment, sound equipment and animation equipment.
	o	Purchase of equipment, including computer equipment for animation, for shooting in the Republic of Croatia over a period longer than one year, recognized at the annual depreciation rate value for fixed assets.
<b>5. TRAVEL ACCOMMODATION, CATERING</b>		
	o	Transportation (hire of vans and all vehicles required during the production of the audiovisual work)
	o	Fuel, tolls and other costs related to vehicles and transportation
	o	Travel costs (air, train, bus, boat)
	o	Accommodation for staff engaged in the production of the work (during prep, shoot and post)
	o	Catering and craft service
<b>6. FILM STOCK AND EDITING</b>		
	o	Picture, sound and music editing
	o	Dubbing, AR and Foley
	o	Photographic stills
	o	<i>Making of material</i>
	o	Hire of computer software for animation, compositing and rendering
	o	Hire of other computer equipment and software during the production

		o	VFX
<b>7. LOCATION COSTS</b>			
		o	Specialized vehicle hire (police vehicles, security vehicles, ambulance, fire trucks, camera boat)
		o	Additional costs incurred on location (cleaning services, utility services, medical supplies etc.)
<b>8. OTHER COSTS</b>			
		o	Insurance against accidents at work for the entire crew at all stages of production, third party liability insurance during the production
		o	Audit
		o	Legal services (attorney, notary public)
		o	On-the-spot office expenses of the film crew during the production (prep, shoot, clean up)
		■	Rent of office space in the field, warehouses, wardrobe and make-up space, casting premises, daily relaxation area, office furniture rent
		■	Office equipment hire (telephone, fax machine, computers, photocopiers, phone and internet jacks etc.)
		■	Telephone and internet bills
		■	Courier and postal services, customs