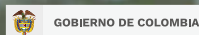


LIGHTS, CAMERA, COLOMBIA!

Handbook of incentives for the audiovisual
sector Law 1556 of 2012



Jungle



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PRODUCING IN COLOMBIA

Colombia has one of the most structured film industry promotion policies in the region. The Ministry of Culture has programs to strengthen film creation, production, research, and preservation processes.

Since 2003, with the implementation of Law 814, the country has had the Film Development Fund (FDC), administered by Proimágenes Colombia, and a tax incentive scheme for investors and donors in Colombian projects. Today, close to 50 feature films and 100 short films are produced in Colombia annually.

For 12 years, the Colombia Film Commission, a program of Proimágenes Colombia, has been promoting the country as a destination

for audiovisual production, through specific economic incentives and the qualification of the workforce in the sector. Since the enactment of Law 1556 in 2012, Colombia has become one of the most important destinations for audiovisual production in South America, becoming the shooting location for 48 projects that have benefited from the incentives of this law, in which more than 50,000 people have worked.

The scope of the mechanism was expanded in 2020; the benefits of Law 1556 were extended until 2032, the types of audiovisual projects that may apply were diversified and a new incentive for audiovisual production was established.



1

LAW
1556

Long Shot

Law 1556 of 2012, which is part of the regulations for the promotion of the film and audiovisual industry in Colombia, established the incentives that promote Colombia as a destination and location for productions of:



Film works



Series



Music videos



Video games



**Audiovisual production
for advertising**

Incentives

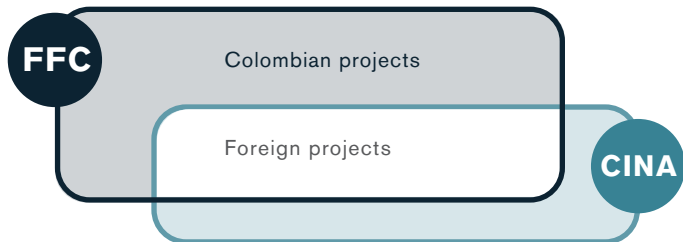


Colombia Film Fund (FFC) rebate: a cash rebate equivalent to 40% of the audiovisual services expenses and 20% of the logistical services expenses (hotel, food, and transportation) hired with Colombian individuals or legal entities. The resources of the FFC are allocated each year in the national Colombian budget.



Certificates of Audiovisual Investment in Colombia (CINA): a tax rebate with a value equivalent to 35% of the expenses of foreign audiovisual projects in audiovisual services and logistical services (hotel, food, and transportation) contracted with Colombian individuals or legal entities. The CINA are transferable to Colombian income tax filers and function as an income tax discount. The maximum amount of CINA that can be awarded is determined each year by the Colombia Film Promotion Committee (CPFC).

Audiovisual projects eligible for incentives

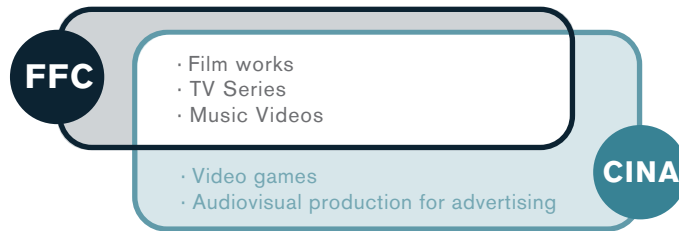


In both cases, the applicant must be the producer of the audiovisual project.



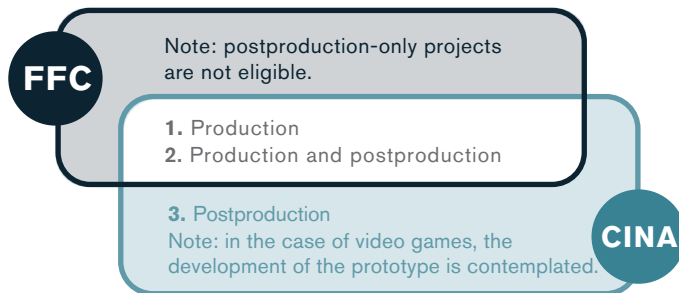
In the case of foreign projects, the application can be made through a proxy in Colombia who participates in the project as a film services company or as a Colombian co-producer.

Types of audiovisual projects



Note: any project can be animated or include an animated component.

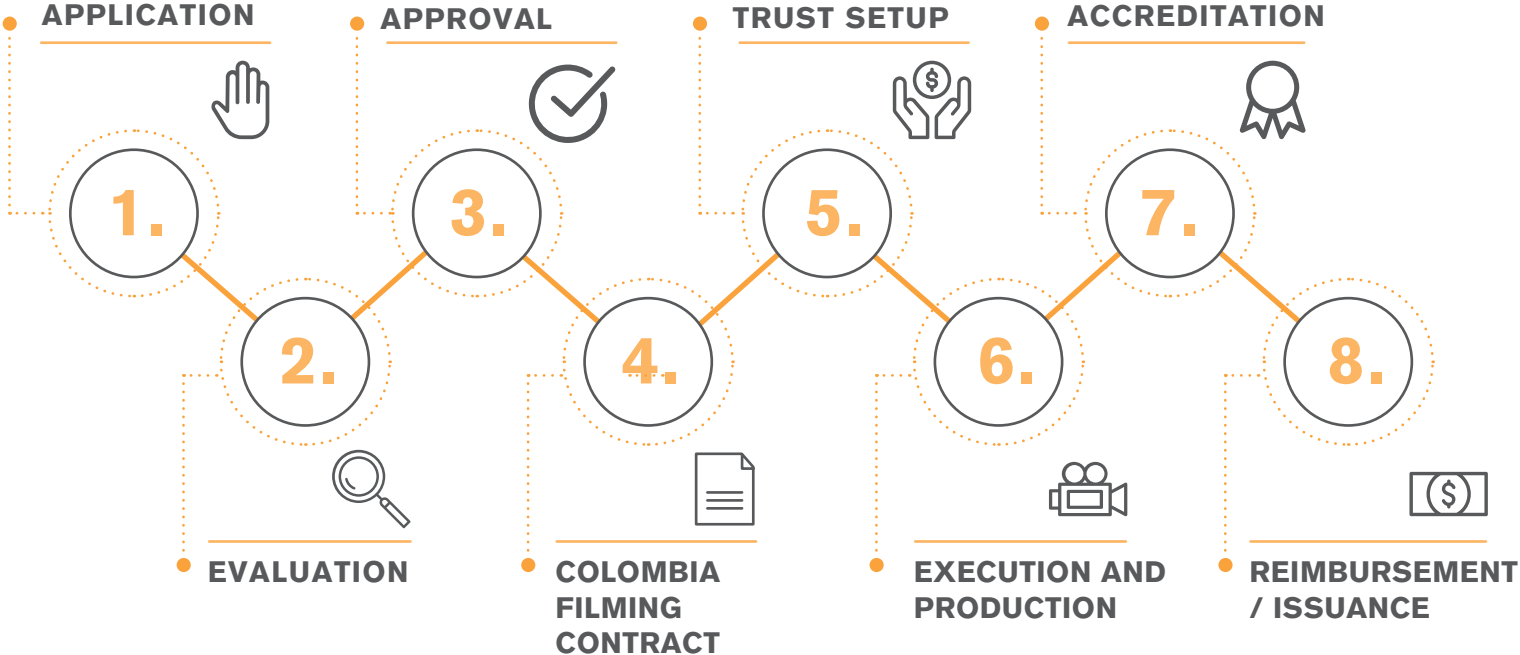
Production stages covered by the incentives





2 IMPLEMENTATION STAGES

INCENTIVES IMPLEMENTATION STAGES



APPLICATION



Open call available to the producer



Applicant producer requirements

FFC

1. Application form.
2. ID of the legal representative.
3. Certificate of incorporation and legal representation for the production company.
4. Description of the applicant producer or company.
5. Certification of non-application or participation in any other incentives mechanism for the audiovisual industry in Colombia.

6. Certification that the producer is not a Colombian taxpayer.

CINA

Requirements depending on type of project



1. FILM WORKS OF FICTION, DOCUMENTARY AND ANIMATION

FFC

- a. Synopsis.
- b. Script.
- c. List of locations.
- d. Technical sheet.
- e. Total value.
- f. Detailed schedule.

Animation projects must include:

- a. Animation bible.
- b. Production breakdown.

g. Monthly projection of expenses subject to CINA.

CINA



2. SERIES



2.1 FICTION, DOCUMENTARY AND ANIMATED SERIES

FFC

- a. Synopsis.
- b. Number of episodes.
- c. Scripts of the first two episodes and series road map.
- d. List of locations.
- e. Technical sheet.
- f. Total value.
- g. Detailed schedule.

Animation projects must include:

- a. Animation bible.
- b. Production breakdown.

h. Monthly projection of expenses subject to CINA.

CINA



2.2 REALITY OR NON-SCRIPTED SERIES AND SHORT WEB SERIES (ONLY APPLIES TO CINA)

FFC

- a. Synopsis.
- b. Total number of episodes.
- c. Project bible.
- d. List of locations.
- e. Technical sheet.
- f. Total value.
- g. Detailed schedule.

h. Monthly projection of expenses subject to CINA.

CINA



3. MUSIC VIDEOS

FFC

- a. Synopsis
- b. Concept or visual treatment of the project.
- c. List of locations.
- d. Technical sheet.
- e. Total value.
- f. Detailed schedule.
- g. Song lyrics.

Paragraph: the above requirements apply for each one of the music videos that are part of the package submitted.

h. Monthly projection of expenses subject to CINA.



4. VIDEO GAMES

- a. Pitch bible.
- b. Game design document.
- c. Technical sheet.
- d. Total value.
- e. Detailed schedule.
- f. Monthly projection of expenses subject to CINA.

CINA



5. AUDIOVISUAL PRODUCTION FOR ADVERTISING

- a. Synopsis.
- b. Story line.
- c. List of locations.
- d. Technical sheet.
- e. Total value.
- f. Detailed schedule.
- g. Monthly projection of expenses subject to CINA.

CINA



6. WORKS EXCLUSIVELY WITH POSTPRODUCTION IN COLOMBIA

- a. Synopsis.
- b. Detailed description.
- c. Total value.
- d. Detailed description of the postproduction processes to be carried out in Colombia in Colombia.
- e. Colombian companies linked in the postproduction process.
- f. Detailed schedule.
- g. Monthly projection of expenses subject to CINA.

CINA

Budget and minimum spending requirements



Total budget for expenditure in Colombia.



Expenditure budget eligible for FFC/CINA.



Engagement letter from the Colombian film services company or national co-producer.



Project financing plan.



Bid bond deposit in the amount of 40 SMLMV** (USD 13,425*).

* Approximate average dollar value

** Current monthly legal minimum wage in Colombia

The minimum expenditure required for FFC projects and for film works and series of the CINA must be equivalent to 1,800 SMLMV (USD 604,000*).

The minimum expenditure required for music videos submitted to CINA must be equivalent to 200 SMLMV (USD 67,000*).

The minimum expenditure required for video games must be equivalent to 1215 SMLMV (USD 379,700*).

The minimum expenditure required for audiovisual production for advertising must be equivalent to 400 SMLMV (USD 134,000*).

This amount can be distributed as follows, depending on the types of project to be developed and the incentive being applied for:



FILM WORKS

FFC

For **1** film work.

CINA



SERIES

FFC

It can be distributed in a maximum of **4** episodes (USD 151,000 per episode*).

Note: this limit does not apply to animated series.

· For short web series and 100% animated series the expense can be distributed in a maximum of **20** episodes. (USD 30,200 per episode*).

· When the total expense is over 9,000 SMLMV (USD 3,020,000*) there is no restriction on the number of episodes.

CINA



MUSIC VIDEOS

FFC

It can be distributed in a maximum of **20** videos (USD 30,205 per video*).

The minimum of expense is 200 SMLMV (USD 67,000 per video*).

CINA



VIDEO GAMES

The minimum expenditure is 1,215 SMLMV for **1** video game, video game prototype or expansion (USD 407,000 per video game*).

CINA



AUDIOVISUAL PRODUCTION FOR ADVERTISING

The minimum expenditure is 400 SMLMV for **1** audiovisual advertising project (USD 134,000 per project*).

Note: at least eighty percent (80%) of this expenditure must be on audiovisual services

CINA



POSTPRODUCTION PROJECT

Minimum expenditure of 360 SMLMV (USD 100,000*) for **1** project.

CINA

* Approximate average dollar value

EVALUATION

 10 business days



The evaluation process is conducted by Proimágenes in the following stages:



1. Verification of fulfillment of the application requirements.



2. If necessary, supplementary documents or contents can be requested.



3. A concept of verification of requirements and relevance of the project is issued to the CPFC.



4. The project is declared approved.

APPROVAL

 Annual CPFC schedule



A. The CPFC will decide on the approval or rejection of projects for reasons related to the fulfillment of the purposes of Law 1556 (promotion of the Colombian territory for audiovisual filming; development of the Colombian film industry; strengthening tourism and the country's image).



B. Following approval of the project by the CPFC, the in-country spending budget for audiovisual services and logistical audiovisual services is determined, together with the maximum FFC/CINA rebate amount.



C. The signing of the Colombia Filming Contract is ordered.



COLOMBIA FILMING CONTRACT

 20 business days



A. The applicant producer must sign the Colombia Filming Contract with Proimágenes within a maximum of twenty (20) days following the approval of the project.

TRUST SETUP

 3 months



B. The producer must set up a trust for the management and payments of the budget within a period of three (3) months following the signing of the Colombia Filming Contract.

EXECUTION AND PRODUCTION

 According to the audiovisual project type



Project execution deadlines

AUDIOVISUAL PROJECT	PRODUCTION ONLY	PRODUCTION AND POSTPRODUCTION
Film works	9 months	18 months
Series	12 months	24 months
Music videos	18 months	18 months
Video games	48 months	48 months
Audiovisual production for advertising	18 months	18 months
POSTPRODUCTION ONLY		18 months
ANIMATION		48 months

Note: the execution times apply regardless of the number of works to be produced.

The applicant producer is responsible for:



Contracting the relevant audiovisual and logistical services.



Spending the established minimum amount.



Carrying out the filming activities for the project in Colombia, along with production or post-production work.



Including credits for public screening and communication.



Submitting compliance accreditations in a timely manner.



Fulfilling the general obligations and other related obligations.

General obligations of the applicant producer

1. Allowing the use of images of the work for cultural purposes and deliver copies in optimum quality.
2. Agreeing that the Colombia Film Commission can hold a press conference.
3. Ensuring collaboration in the relationship with the Colombia and international media to market the Colombia Film Commission and the country.
4. Arranging for government representatives to visit the set.
5. Submitting a list of locations.
6. Submitting a list of contact details for the Colombian members of the artistic and technical team.
7. Providing photos of the production.
8. Providing photos of each department head.
9. Providing testimonials from the members of the international technical and artistic teams.
10. Not assigning the contract to a third party.
11. Ensuring that a non-local crew member attends a question-and-answer session with local industry and/or students.






Note: the producer and Proimágenes Colombia will establish the specific compliance parameters for these obligations. Failure to comply with the obligations entitles the entity to suspend the issuance of the CINA or disbursement of FFC.

ACCREDITATION

 3 months



The producer must submit the following accreditations within a maximum period of three (3) months from the expiration of the term to make the expenditure in the country:

	Request for reimbursement of the FFC or CINA consideration.
	Certification issued by the trust entity.
	Certification issued by the external auditor.
	In case of foreign audiovisual projects, certification issued by the Film Services Association.
	Certification proving the link between the foreign producer and the direct depositor in Colombia designated for the dematerialized issuance of the CINA.

Note: the audiovisual project can receive the first CINA once the minimum spending requirements in the country laid down in the Resource Allocation Manual have been met.

FFC REIMBURSEMENT

 2 months



1. Proimágenes will reimburse the FFC amount within the two (2) months following satisfactory receipt of all the required accreditations.

CINA ISSUANCE



1. Proimágenes will issue the certificate of authorization to the Ministry of Culture within a maximum period of fifteen (15) days following satisfactory receipt of all the required accreditations.
2. The producer must make a payment to cover administrative costs, equal to five per cent (5%) of the nominal value of the CINA, minus the amount corresponding to the bid bond deposit made.
3. The Ministry of Culture will issue the CINA in the producer's name within fifteen (15) days.

Value simulation of the FFC/CINA incentives

An example of the benefits to be received according to the incentive being applied for (FFC/CINA).

Budget	Total amount	Amount (USD)
Total spending budget in Colombia	A+B+C	1.200.000
Spending budget subject to remuneration	A+B	1.000.000

Total spending budget in Colombia	FFC			CINA		
	Total amount	Amount (USD)	% of the incentive	Amount (USD)	% of the incentive	Amount (USD)
Spending budget on audiovisual services in Colombia	A	750.000	40%	300.000	35%	262.500
Spending budget on logistical services in Colombia	B	250.000	20%	50.000	35%	87.500
Other expenses in Colombia not subject to the incentives	C	200.000				
(-) Administrative expenses (5% of the incentive)				N/A		(17.500)
FFC/CINA incentive amount:				350.000		332.500
Approximate percentage of the FFC/CINA incentives in relation to the total spending subject to remuneration				35%		33,3%*

* Percentage of the CINA benefit before its sale, subject to a discount rate in the market.



3

**FREQUENTLY
ASKED QUESTIONS**

1. Can both the FFC and the CINA incentive be obtained with the same audiovisual project?

No, these incentives are mutually exclusive. Audiovisual projects can only apply for and benefit from one of the incentives. Audiovisual projects that are already involved in an active application process cannot be put forward, and neither can projects that benefit from Law 1556 of 2012 or the incentives provided for by Law 814 of 2003 (deductions for investors or donors or incentives from the Film Development Fund).

2. Is there a timetable with specific dates for applying for the incentives?

The call is open all year. However, projects are submitted and approved until limits are reached: the amount of funds available in the case of the FFC, and the funding quota in the case of the CINA. The FFC's share of the resources is determined by the Colombian government in the country's general budget, and the CINA amount is approved by the CPFC.

3. Does the producer need to be the owner of the proprietary rights of the work?

The producer who coordinates, has the idea and is responsible for the audiovisual work is the person responsible for entering into contracts with the individuals and organizations involved in

producing the work. Under Colombian law, the proprietary rights over cinematographic work are recognized in favor of producers, unless stipulated otherwise.

4. Does the film services company need to be the co-producer of the audiovisual project?

Yes, the film services company does not have to be the co-producer of the project. In the case of non-Colombian projects, audiovisual services must be contracted through the film services company specified in the project application, without the need for it to be the project co-producer. For their part, Colombian co-productions can apply for any of the incentives, but the CINA benefit only applies to the component of spending on the provision of audiovisual and logistics services financed with foreign resources.

5. Does the producer of the audiovisual project need to be legally established in order to participate?

Yes. The incentives are aimed at legal persons or their foreign equivalent. The CINA only applies for works by foreign producers who are not Colombian income tax payers.

6. Are there any restrictions if the applicant foreign producer has subsidiaries in Colombia?

No. The applicant foreign producer can have subsidiaries in Colombia, which can be hired as the film services company if they are legally established legal persons and have been entered in the Colombian Ministry of Culture's register of film service providers, and if their corporate purpose includes the provision of film services.

<https://www.mincultura.gov.co/areas/cinematografia/Paginas/Services-Cinematography.aspx>

7. Which expenses are not covered by the incentives?

The incentives do not cover trust expenses, auditing, purchases of goods, or expenses that are not part of audiovisual services or logistical services provided by Colombian natural or legal persons, as defined by the Resource Allocation Manual. All expenses will be covered, provided that they meet the definition of audiovisual services or logistical audiovisual services.

* Approximate average value in dollars

8. Are there costs in applying for the incentives?

When putting forward audiovisual projects, a bid bond deposit totaling forty (40) SMVLM (USD 8,300*) must be paid as a commitment to fulfilling the obligations assumed by the producer. In the event of an audiovisual project not being approved, the bid bond deposit amount will be reimbursed to the producer. In the case of the CINA, the producer must deposit an amount equal to 5% of the face value of the CINA when submitting the certifications for the certificate to be issued. The bid bond deposit amount paid upon application will be deducted from this first amount.

9. What is the process for receiving the CINA from the foreign producer?

The CINA is issued by the Ministry of Culture in favor of the foreign producer. This title is dematerialized and is issued through the securities depository DECEVAL, a subsidiary of the Colombian Stock Exchange. To receive the CINA, the foreign producer must contact a brokerage firm or other entity authorized as a direct depositor to receive, manage and eventually carry out the sale of the CINA.

10. To whom can I sell the CINA?

The CINA can be sold directly to individuals or legal entities that file income tax returns in Colombia. It may also be sold in the Colombian stock market. Income from the sale of the CINA is not subject to withholding tax in Colombia, nor does it constitute taxable income in Colombia.

11. What can I use the CINA for?

The holders of these securities may use them as an income tax discount in the annual tax return for the taxable period in which the Certificate was issued or for the payment of self-withholdings for the same taxable period.





Memoria



4 GLOSSARY

Kilchain

Application of time limits	When 'days' are mentioned, they are understood as business days, meaning any day from Monday to Friday excluding public holidays in Colombia.
Colombia Filming Contract	A CPFC approved legal transaction that the applicant producer of the audiovisual project must enter into in order to regulate the terms for the allocation of the incentives.
CPFC	The Colombian Film Promotion Committee, a decision-making body responsible for the incentives of Law 1556 of 2012.
Management organization	This refers to Proimágenes Colombia, which is in charge of managing the processes related to the CINAs and the FFC cash rebate and also operates as the Colombian Film Commission. https://www.proimagenescolombia.com — www.locationcolombia.com
Film work	The term "film work" denotes the elements that come together to form it, and that represent an art object of cinematographic language, a set of images in movement with or without sound and a material medium that enables them to be recorded.

National or nationally
co-produced film work

National or nationally co-produced cinematographic work is considered that fulfills the economic, technical and artistic criteria laid down in Law 397 of 1997 and Decree 1080 of 2015.

Foreign audiovisual work

Work with foreign economic participation.

Non-scripted work

An audiovisual production that is primarily intended to entertain or inform through dialog but without a script (such as reality shows, games programs or awards ceremonies).

Audiovisual production
for advertising

Audiovisual work with the strict purpose of marketing goods, products, brands or services, among others.

Series

Fiction, documentary or any other audiovisual work approved by the CPFC, which is broadcast or communicated to the public by episodes. This includes reality shows and non-scripted works.

Short series or
short web series

Short series are short-term series with a typical duration of between two and five episodes. They are characterized by having a previously determined number of episodes, and by following a story line that unfolds over the course of the series.

Film or audiovisual services

Specialized activities in the pre production, production and post production of film or audiovisual works, including artistic and technical services provided by Colombian natural or legal persons domiciled or resident in the country.

Film or audiovisual logistical services

Hotel, catering and transport-related items that are required as part of the cinematographic or audiovisual project.

SMLMV

The current monthly legal minimum wage in Colombia, which is updated each year.

Video game

An audiovisual work that consists of an interactive application that leads to an experience that allows for interaction with the elements contained within said application, through the use of audiovisual and software tools.

Music video

An audiovisual work that essentially aims to represent an artist or piece of music. This does not include the recording of concerts but it can incorporate images from recorded concerts.



Loving Pablo

