[RU] Tax Breaks for National Film Industry

IRIS 1999-2:1/17

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On 13 January 1999 wide-ranging breaks intended to revive the national film industry went into force as part of the federal statute amending current tax legislation. The changes in the regulation of taxation were adopted by the parliament in December 1998 and signed by the President on 6 January 1999.

Under the new law every contract for the production, copying and exhibition of a Russian film including the sale of rights is exempt from the 20% value-added tax (Art.1). Furthermore, profit tax is lifted from profits invested in film production and exhibition, as well as in the construction of cinemas (Art.2). In order to qualify for the tax-free status, a film has to obtain a certificate recognising its status as a national film in accordance with the 1996 Federal Statute "On State Support for Cinematography in the Russian Federation".

The certificate is issued by the State Committee on Cinematography to all films produced and directed by Russian citizens or companies and produced with less than 30% of foreign investment and with no more than 30% of the crew made up of foreigners. The films also must be in Russian or in the language of a minority of the Federation and at least half of the budget must be spent in Russia.

The law will be effective for three years expiring on 1 January 2002.

O vnesenii dopolneniy v otdelnye zakony Rossiyskoi Federatsii o nalogakh.

Federal Statute "On additions to the legislation of the Russian Federation on taxation". Adopted by the State Duma on 4 December 1998, approved by the Council of the Federation on 23 December 1998. Published in Rossiyskaya gazetaon 13 January 1999.

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