

## [BG] Tax Credit for Film Producers Has Been Postponed

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On 27 January 2010 the President of the Parliamentary Commission and other members of the Bulgarian Parliament filed a proposal for Закон за филмовата индустрия (amendments to the Film Industry Act, see: IRIS 2004-1: Extra) as a measure to stimulate film production in Bulgaria.

According to the draft, every producer who is recorded on the register of film producers of the Изпълнителна агенция Национален филмов център (National Film Centre, an Executive Agency of the Ministry of Culture - NFC), can apply for a certificate for tax credit within 3 months after having finished their activity of film production in Bulgaria. The application shall be filed with the NFC, which shall take a decision within 30 days. The bill provides the Council of Ministers with power to set out in a special regulation the details about the proceedings and the substantial rules for the respective positive or negative statements of the NFC.

The main idea of the draft is - on the basis of the tax credit certificate - that the producer may be entitled to ask for a deduction from the sum due to be paid by him under the tax legislation up to the amount of the sum entered in the certificate. This opportunity could be used by the producers personally or they could transfer their right to somebody else against remuneration.

This form of State support is very new to Bulgaria. It is underlined that the rules do not impose any tax concession for the producers and will reduce the income to the State budget, but it will stimulate the financing of new film productions in Bulgaria.

The draft was broadly criticised by Bulgarian film workers and was determined as not complying with European standards by the Bulgarian Ministry of Finance and the Parliamentary Finance Commission.

Obviously the proposers of the bill are also not very convinced by the potential benefits of their ideas. On 17 February 2010 the bill was withdrawn and the discussion about State measures for supporting the film industry in Bulgaria was handed back to the Ministry of Culture and the NFC.

