[LT] Tax incentive level for film production increased to 30%

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On 11 December 2018, the Lithuanian Parliament adopted a law on tax incentives for film production in Lithuania. The offers the opportunity to save up to 30% of a film's production budget spent in Lithuania through the private investment scheme. The new law will apply to the period 2019-2023 and replaces the expired 20% tax incentive scheme that was in effect from 2014 until the end of 2018.

According to Lithuanian Film Centre, the previous tax incentive scheme demonstrated positive results - since its introduction in 2014 there has been a rapid growth in the number of foreign film productions; this increase has stimulated the local film industry and fostered private investments in this sector. The new law was adopted to maintain these positive developments in the future and ensure Lithuanian film industry's competitiveness in the region.

The newly confirmed tax incentive scheme is regulated by articles 17^2 and 46^2 of the Law on Corporate Profit Tax of the Republic of Lithuania. These articles provide the possibility for film producers to attract funding from private business entities ("donors"), who are incentivised to support film productions by the offer of tax benefits. The tax benefit for donors is twofold:

-A donor can deduct 75% of its contribution to a film's production from its taxable income (Article 17^2);

-A donor can deduct the full amount of its contribution from its corporate tax liability (Article 46^2).

A donor cannot reduce their tax liability by more than 11.25% of their financial contribution to a film. The tax incentive is available in respect of domestic films, co-productions and foreign films (produced under a service agreement with a local production company) with a minimum production spend in Lithuania of EUR 43 000. To be eligible for the scheme, productions must conform to cultural content assessment criteria and production requirements.

Lietuvos Respublikos Pelno mokesčio įstatymo Nr. IX-675 17^2 straipsnio pakeitimo įstatymas

https://www.e-tar.lt/portal/lt/legalAct/64a43f80043e11e9a5eaf2cd290f1944

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Act amending Article 17² of the Law on Corporate Profit Tax of the Republic of Lithuania No. IX-675

Lietuvos Respublikos Pelno mokesčio įstatymas

https://www.e-tar.lt/portal/lt/legalAct/TAR.A5ACBDA529A9/bvfpgdKMku

Act on Corporate Profit Tax of the Republic of Lithuania (updated and consolidated version, see articles 17² and 46²)

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