

Republic of Latvia

Cabinet

Regulation No. 163

Adopted 26 March 2013

## **Procedures for Granting of the State Budget Co-financing for Filming of Foreign Films in Latvia**

*Issued pursuant to  
Section 11 of the Film Law*

### **I. General Provisions**

1. This Regulation prescribes the procedures by which the National Film Centre (hereinafter – Centre) shall grant the State budget co-financing for filming of foreign films in Latvia.
2. In order to grant the State budget co-financing for filming of foreign films in Latvia (hereinafter – co-financing), the Centre shall organise an open tender.
3. Merchants, associations or foundations registered in Latvia, which have been registered as film producers in accordance with the procedures laid down in laws and regulations and which have entered into a contract regarding filming of a foreign film (hereinafter – film) in Latvia with a foreign film producer (hereinafter – foreign producer), may submit a tender project.
4. Co-financing may be granted, if the project conforms to all of the following conditions:
  - 4.1. the film is partly or completely filmed in Latvia;
  - 4.2. services of such natural persons or legal persons are used in filming of a film, which are registered in Latvia;
  - 4.3. the total costs of a film project for feature films and animated films reach at least 500,000 lats, for documentary movies – at least 100,000 lats;
  - 4.4. the financing available to the producer on the day of submitting the project according to the financing plan is at least 50% of the total costs of filming a movie.
5. It shall not be allowed to apply for co-financing, if:
  - 5.1. the project submitter or foreign producer has been declared insolvent, is in the process of liquidation, the economic activities thereof have been suspended or discontinued, or legal proceedings in relation to the bankruptcy of the project submitter have been initiated;
  - 5.2. the project submitter has tax debts and debts of mandatory State social insurance contributions on the day of submitting the project;
  - 5.3. the project submitter has not fulfilled the liabilities arising from the financing contracts previously entered into with the Centre;
  - 5.4. more than 25% of the equity capital or voting rights of the project submitter belong to the State, local government or State or local government capital companies;
  - 5.5. the project submitter or foreign producer has completed filming of the relevant film on the day when the tender project is to be submitted.

6. Co-financing shall not be granted for pornographic film projects and projects of such films, which propagate religious and racial hatred, show violence without justification or contain propaganda demeaning human dignity.

7. Co-financing may be combined with public financing of another kind for a film project, if the total public financing for the film project does not exceed 25% from the eligible costs of the film project within the meaning of this Regulation.

## **II. Preparation and Announcement of a Tender**

8. The Centre shall draw up and approve the by-law for a tender, as well as announce the tender in the newspaper *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia], indicating the deadline for the submission of projects, the total co-financing available, as well as the place where one can become acquainted with the by-law and receive additional information.

9. The following shall be indicated in the by-law of the tender:

9.1. the place, deadline and procedures for submitting a project;

9.2. the conditions for the preparation and drawing up of a project;

9.3. the documents to be submitted in addition to the documents referred to in Paragraph 12 of this Regulation;

9.4. the conditions for utilisation of the co-financing;

9.5. the amount of the co-financing, which may be granted for the implementation of one project;

9.6. the positions of eligible and ineligible costs;

9.7. the deadline for implementation of the project;

9.8. the procedures and methodology for the evaluation process of projects;

9.9. other information, if necessary.

10. A project submission form and forms of other documents to be submitted shall be appended to the by-law of the tender.

11. The by-law of the tender shall be published on the website of the Centre after announcement of the tender.

## **III. Submission of Projects**

12. A project submitter shall submit the following documents to the Centre:

12.1. the original of the co-production contract or another contract entered into or a copy certified in accordance with the procedures laid down in laws and regulations, which certify the intent of the parties to film a film in Latvia;

12.2. a short summary of the film story (up to five pages) and a film script (in Latvian, English or Russian);

12.3. a description of the foreign producer regarding filming plan and schedule of the film;

12.4. the activities planned in Latvia for filming the film and their calendar plan;

12.5. information regarding the foreign producer (general description, films produced during the last five years and their performance indicators and other information at the discretion of the project submitter);

12.6. information regarding the project submitter (general description, films produced during the last five years and their performance indicators);

- 12.7. a total budget (cost estimate) of filming of the film project, signed by the project submitter and the relevant foreign producer, and the financing plan of the film;
- 12.8. the draft estimate of utilisation of the financing according to the positions of eligible costs referred to in Paragraph 29 of this Regulation;
- 12.9. documents certifying the condition referred to in Sub-paragraph 5.4 of this Regulation;
- 12.10. the distribution plan of the film;
- 12.11. other documents according to the tender by-law approved by the Centre.

13. The project shall include a filled-in form of a project application and the documents referred to in Paragraph 12 of this Regulation. The project shall be prepared in computer readable form in Latvian, except the film script which shall be submitted in Latvian, English or Russian.

14. The project shall be submitted to the Centre in one of the following ways:

- 14.1. in printed form – in person or by post;
- 14.2. in the form of an electronic document in accordance with the laws and regulations regarding the drawing up and handling of electronic documents.

15. In submitting a project in printed form, the pages thereof shall be bound together and numbered. The Centre shall determine the number of the project copies to be submitted and the requirements for the presentation thereof in the by-law of the tender.

16. The Centre shall register the project received and assign an identification number thereto.

#### **IV. Project Evaluation**

17. A project and a project submitter shall be evaluated:

17.1. according to the evaluation criteria of administrative conformity (Annex 1) in order to ascertain whether the project submitter and the project conform to the requirements stipulated and should be advanced for further evaluation;

17.2. according to the evaluation criteria of the project (Annex 2) in order to evaluate the quality of the project in relation to the purpose of the tender.

18. The Centre shall evaluate the project and the project submitter according to the evaluation criteria of administrative conformity within 20 days after expiry of the deadline for the submission of projects referred to in Paragraph 9.1 of this Regulation.

19. If the project or the project submitter does not conform to at least one of the conformity criteria for the project submitter referred to in Annex 1 to this Regulation, or at least one of the conformity criteria for a project referred to in Annex 1, Sub-paragraph 2.1, 2.2 or 2.5 of this Regulation, the Centre shall take a decision on non-conformity of the project with the evaluation criteria and refusal to enter into a co-financing contract.

20. If a project does not conform to the project conformity criteria referred to in Sub-paragraph 2.3 or 2.4 of Annex 1 to this Regulation, the Centre shall request in writing that the project submitter updates the project or submits additional information. The request shall be sent by post or to the electronic mail address indicated by the project submitter.

21. If the project submitter submits the updated project or the necessary additional information within 10 working days after request of the Centre in person, sends it by post or in the form of an electronic document in accordance with the laws and regulations regarding

the drawing up of electronic documents, the Centre shall re-evaluate the project in accordance with the evaluation criteria of administrative conformity.

22. If after re-evaluation the project does not conform to any of the project evaluation criteria referred to in Paragraph 20 of this Regulation or the project submitter has not submitted the necessary additional information within 10 working days after request of the Centre, the Centre shall take a decision on non-conformity of the project with the evaluation criteria of administrative conformity and refusal to grant co-financing.

23. If the project submitter and project conforms to all evaluation criteria of administrative conformity, evaluation of the project shall be continued by the expert committee created by the Centre (hereinafter – committee). The agenda of the committee shall be determined in the by-law approved by the Centre.

24. The committee has the right to invite such specialists in an advisory capacity for the evaluation of projects who have the knowledge or working skill in the film industry and who do not represent the interests of project submitters.

25. The committee shall evaluate the conformity of projects with the criteria referred to in Annex 2 to this Regulation and shall provide an opinion to the head of the Centre on entering into a co-financing contract, indicating the recommended amount of the project co-financing, or on refusal to enter into a co-financing contract.

26. In conformity with the opinion provided by the committee, the head of the Centre shall take a decision to enter into a co-financing contract or to refuse to enter into a co-financing contract. The right to enter into a co-financing contract (while there is sufficient co-financing provided for the project tender) shall be granted for the implementation of such projects which have obtained a higher evaluation according to the criteria referred to in Annex 2 to this Regulation.

27. Decision of the Centre shall be notified to the project submitter. A notification of the results of the project tender shall be published on the website of the Centre.

28. The Centre and the project submitter shall enter into a co-financing contract within two months after taking of the decision referred to in Paragraph 26 of this Regulation. If the co-financing contract has not been entered into within such time period due to the fault of the project submitter, the head of the Centre shall revoke a decision to enter into a co-financing contract with the project submitter and the Centre has the right to announce a new tender.

## **V. Eligible and Ineligible Costs**

29. Costs conforming to the following criteria are determined as eligible costs (costs to be co-financed):

- 29.1. they have been performed after the day of entering into a co-financing contract;
- 29.2. they have been utilised in Latvia;
- 29.3. they are directly related to the filming process;
- 29.4. they are directly related to the following needs:
  - 29.4.1. costs of the administrative and professional staff necessary for the provision of filming a film, renting of equipment and services;
  - 29.4.2. transport services and fuel;
  - 29.4.3. construction services related to filming of a film;
  - 29.4.4. hotel services and other services related to accommodation;

- 29.4.5. catering services;
- 29.4.6. security services;
- 29.4.7. telecommunications services;
- 29.4.8. public utility services and services of public services;
- 29.4.9. purchase of such articles and materials which are necessary during the filming process
- 29.4.10. sound processing, visual (creation of characters, animation and special effects, scenography), musical and other artistic and technological services directly related to filming a film;
- 29.4.11. renting or hire costs of movable and immovable property necessary for filming a film;
- 29.4.12. administrative services – legal, accounting and translation services, staff recruitment, except the costs referred to in Sub-paragraph 32.2 of this Regulation for the services of a sworn auditor or a commercial company of sworn auditors;
- 29.4.13. fees for actors and extras who have participated in the creation of the film and whose place of residence is declared in Latvia.

30. Service providers who provide services related to the costs referred to in Paragraph 29 of this Regulation must be registered in Latvia and commercial activity within the scope of the relevant film project must be carried out in the territory of Latvia.

31. The following costs are determined as in eligible costs:

- 31.1. which do not conform to the requirements of Paragraph 29 of this Regulation;
- 31.2. which have not been determined in the co-financing contract entered between the Centre and the recipient of co-financing or are not necessary for implementation of filming of a film;
- 31.3. which the recipient of co-financing is unable to certify with the documents referred to in Paragraph 32 of this Regulation.

## **VI. Recognition of Eligible Costs and Disbursing of Co-financing**

32. A recipient of co-financing shall submit an application to the Centre for disbursing of co-financing, within three months after the end of filming a film in Latvia, but not later than 15 November of the relevant year. The following documents certifying costs shall be appended to the application:

- 32.1. a report on filming of the film, indicating the payments performed in Latvia, the recipients thereof, the sums and dates of payments;
- 32.2. a report of a sworn auditor or a commercial company of sworn auditors on payments performed during implementation of the film project in Latvia;
- 32.3. other documents determined according to the co-financing contract entered into.

33. The Centre shall evaluate the documents referred to in Paragraph 32 of this Regulation within a month after receipt thereof and verify whether the costs of co-financing conform to the eligible costs referred to in Chapter V of this Regulation, as well as the co-financing contract.

34. The Centre has the right to request and receive additional information and documents certifying expenditure in relation to implementation of the film project.

35. After the check referred to in Paragraph 33 of this Regulation the head of the Centre shall take a decision to disburse co-financing, determining the amount of co-financing to be disbursed to the recipient of co-financing, or to refuse to disburse co-financing.

36. The amount of co-financing shall be:

36.1. 25% from the total sum of eligible expenditure indicated in the co-financing contract, which does not exceed 80% of the total costs of the film project, if the principal action of the film is taking place in Latvia or if landscape or architecture of Latvia is used in the final version of the film, including identifying indications regarding Latvia in the film;

36.2. 20% from the total sum of eligible expenditure indicated in the co-financing contract, which does not exceed 80% of the total costs of the film project, if the final version of the film does not include an identifying indication regarding Latvia, however, services of merchants registered in Latvia are used in filming of the film.

37. The part of co-financing to be granted to the recipient of co-financing shall be determined on the basis of a report on filming of the film, documents certifying expenditures and co-financing contract submitted by the recipient of co-financing.

38. The head of the Centre shall take a decision to refuse to disburse co-financing or part thereof:

38.1. if, on the basis of the documents submitted by the recipient of co-financing and the check carried out by the Centre, it is established that the recipient of co-financing has utilised less financial resources than the amount indicated in the co-financing contract;

38.2. if the recipient of co-financing is unable to prove the expenditure performed;

38.3. in the cases referred to in Paragraph 31 of this Regulation.

39. Co-financing according to the amount indicated in the decision of the head of the Centre shall be transferred to the Treasury account indicated by the recipient of co-financing within a month after taking of the relevant decision.

Prime Minister

V. Dombrovskis

Minister for Culture

Ž. Jaunzeme-Grende

**1. Conformity Criteria of the Project Submitter**

No.	Criterion	Yes	No
1.1.	The project submitter conforms to the conditions referred to in Paragraph 3 of Cabinet Regulation No. 163 of 26 March 2013, Procedures for Granting of the State Budget Co-financing for Filming of Foreign Films in Latvia, (hereinafter – Regulation)		
1.2.	The project submitter and the relevant foreign producer conforms to all the criteria referred to in Paragraph 5 of this Regulation		

**2. Conformity Criteria of the Project**

No.	Criterion	Yes	No
2.1.	The project has been submitted within the specified period of time		
2.2.	The project submission form has been completely filled in, and it has been signed by an official or authorised person of the project submitter		
2.3.	All the necessary documents have been appended to the project application		
2.4.	The requirements stipulated in relation to the drawing up of the project, the number of copies and the method of submission have been observed		
2.5.	The foreign film project conforms to all the criteria referred to in Paragraph 4 of this Regulation		

Minister for Culture

Ž. Jaunzeme-Grende

### Project Evaluation Criteria

No.	Criterion	Number of points
<b>1.</b>	<b>Planned costs of filming of the film in the Republic of Latvia (LVL)</b>	
1.1.	for feature films or animated films	
1.1.1.	more than 500,000	20
1.1.2.	250,000–500,000	15
1.1.3.	less than 250,000	10
1.2.	for documentary movies	
1.2.1.	more than 100,000	20
1.2.2.	50,000–100,000	15
1.2.3.	less than 50,000	10
<b>2.</b>	<b>Use of services and specialists of the film industry of Latvia</b>	
2.1.	the director of the film is a citizen or permanent resident of Latvia	3
2.2.	the leading actor of the film is a citizen or permanent resident of Latvia	2
2.3.	the author of the script of the film is a citizen or permanent resident of Latvia	2
2.4.	the director of photography of the film is a citizen or permanent resident of Latvia	2
2.5.	the director of photography of the second unit of the film is a citizen or permanent resident of Latvia	1
2.6.	the chief art director of the film is a citizen or permanent resident of Latvia	2
2.7.	the assistant art director or set designer of the film is a citizen or permanent resident of Latvia	1
2.8.	the composer of the film is a citizen or permanent resident of Latvia	2
2.9.	sound or music recording of the film is performed in Latvia	1
2.10.	other specialists not referred to in previous points (cameramen, lighting technicians, sound recording specialists) who are citizens or permanent residents of Latvia are employed in filming of the film	1 (for each specialist)
2.11.	contracts regarding renting or use of filming, lighting or sound recording equipment of undertakings registered in Latvia are entered into during filming or post-production of the film	1 (for each contract the sum of which exceeds LVL 500)



<b>3.</b>	<b>Previous experience of a Latvian producer</b>	
3.1.	the producer has carried out three or more equivalent film projects	10
3.2.	the producer has carried out one equivalent film project or two equivalent film projects	8
3.3.	the producer has not carried out any equivalent film project	5
<b>4.</b>	<b>Previous experience of a foreign producer</b>	
4.1.	the producer has carried out three or more equivalent film projects	10
4.2.	the producer has carried out one equivalent film project or two equivalent film projects	8
4.3.	the producer has not carried out any equivalent film project	5
<b>5.</b>	<b>Distribution potential of the project</b>	
5.1.	the distribution plan of the film has been certified by written certification of several foreign broadcasting organisations or distributors	5
5.2.	the distribution plan of the film has been certified by a written certification of at least one foreign broadcasting organisation or distributor	3
5.3.	the distribution plan of the film has not been certified by written certifications	1

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