



## GUIDELINES ON ELIGIBLE EXPENDITURE

(Version 1.2 – January 2019)

### The Portuguese Cinematographic and Audiovisual Production Incentive

#### ELIGIBLE EXPENDITURE

Eligible expenditure is described in article 9, paragraph 1 of the Regulation of the Portuguese Cinematographic and Audiovisual Production Incentive as follows:

*“1 – The expenses related to personnel and the acquisition of goods and services in Portugal are considered eligible, in the following terms:*

- a) *In the case of remuneration of personnel assigned to the project’s production , as well as the fees attributed to service providers, they are eligible to the extent that they are taxed in Portugal;*
- b) *In the case of goods and services supplied by companies:*
  - i. *The company must have its registered office, effective management or permanent establishment in Portugal and be duly registered in the Commercial Registry;*
  - ii. *The company or permanent establishment providing the services must have at least one permanent employee in Portugal at the time the services are provided;*
  - iii. *The detailed invoice for the services provided is issued by the company established in Portugal or by the permanent establishment in Portugal;*
  - iv. *All billed services are provided in Portugal or the material used to provide the services is acquired in Portugal and the technical equipment necessary to provide the services is used in Portugal;*
  - v. *Mobile equipment, namely cameras, lighting, sound equipment, must be obtained, specifically, purchased, acquired under a leasing regime or rented in Portugal.”*

## DEVELOPMENT COSTS

Regulation of the Portuguese Cinematographic and Audiovisual Production Incentive, article 7, paragraphs 2-3:

*“2 - The development expenses of a project carried out in national territory, in accordance with the terms of this article, in the twelve months preceding the submission of the application for access to the Incentive benefit are eligible provided that they are duly incorporated into the project budget and accounts in accordance with Article 54, No 8 of (EU) Commission Regulation No 651/2014 of 16th June 2014 and certified accordingly.*

*3 - Included among the expenses referred to in the previous number are those relating to copyright transmissions, provided they are indispensable for the project’s production.”*

Note that under its support program for screenwriting and project development, the ICA accepts as eligible expenditure a wide range of expenditure items, including research, writing/rewriting, translations, scouting and casting, finding co-producers and funding partners, early promotion, shooting and audience tests, teasers, pilots.



Above the line		
1	<b>COPYRIGHT</b>	Options, licenses and assignments on any IP items: literary, musical, adaptation, screenplay, etc, as long as the relevant rights are optioned, licenced or assigned in Portugal by any natural or legal person established and tax liable in Portugal
2	<b>PRODUCER FEES</b>	Note that under article 9, paragraph 5 of the regulation “the remuneration of the producer as a legal person is attested by his or her inclusion in the accounts of the project or, in the case of foreign production, by means of an executive producer, through a receipt for payment of the remuneration in question by the foreign producer.”
3	<b>DIRECTOR FEES</b>	
4	<b>MAIN ACTORS</b>	
		<p>Note that under article 9, paragraph 4 of the regulation, “Expenditures related to the following remunerations shall be eligible up to a limit of 35% of total expenditure in Portugal, subject to a sub-limit of 10% per item:</p> <ul style="list-style-type: none"> <li>a) Producers and production companies, including executive producers;</li> <li>b) Directors;</li> <li>c) Writers, authors of adaptations and authors of dialogues;</li> <li>d) Other authors, such as authors of pre-existing works and musical composers;</li> <li>e) The main actors.”.</li> </ul> <p>This means that items such as executive producers or second unit directors are taken into account for the purpose of complying with this limit, even if those items are included in other budget sections (such as Crew). For definitions of “actor/actress in a leading role” and “actor/actress in a supporting role”, see notes to items B1.6 and B1.6 of the “cultural test” analysis grid, in Annex I of the regulation.</p>



<i>Below the line</i>	
5	<b>TECHNICAL TEAM</b>
6	<b>ARTISTIC TEAM</b> Includes extras, stand-ins, day players, agents.
7	<b>SOCIAL CHARGES</b>
8	<b>TRAVEL, STAYS AND TRANSPORTATION</b>

<p><b>Labour costs</b> Expenditure on employees and freelance service providers, directly engaged with the production company on a full-time basis, part-time basis or with a contract of service, who are employed/posted in Portugal in accordance with the laws of Portugal and are tax liable in Portugal.</p> <p><b>Per diems</b> Daily subsistence paid to crew while working in Portugal, up to a maximum of:</p> <ul style="list-style-type: none"> <li>• € 69,19 per person per day, for residents in Portugal;</li> <li>• € 100,24 per person per day, for non-residents.</li> </ul> <p>If per diems are higher than these limits, the part beyond the limit does not count as eligible expenditure. Per diems up to the above indicated limits are considered as remuneration and are subject to Personal Income Tax (IRS) and Social Security contribution in Portugal.</p>
<p>Any social security contributions incurred in Portugal</p>
<p><b>Accommodation</b> Expenditure on hotel accommodation and rental of real estate in Portugal for cast and crew. For non-resident cast and crew: no restrictions; for residents in Portugal: applies under the conditions provided for in Portuguese tax and labour law. Includes accommodation expenditure incurred during scouting/development/pre-shooting.</p> <p><b>Catering and craft services</b> If directly related to the qualifying production.</p> <p><b>Ground transport and facility vehicle services</b> Rental of chauffeur-driven cars, self-drive vehicles, <b>facility vehicles, trucks, cranes, mobile homes and picture vehicles.</b></p> <p><b>Transportation (passengers and freight)</b> Travel and freight expenditure (air, rail, maritime or road transportation) in Portugal or between Portugal and any origin/destination if necessary to the production (and scouting/development/pre-shooting) and if the transportation services in question are acquired in Portugal (e.g. to a travel agency in Portugal). Includes airport, harbour or other levies and similar expenses incurred at Portuguese airports or harbours in respect of such travel.</p>



Below the line	
9	<p><b>CENOGRAPHY</b></p> <p><b>Sound stages</b></p> <p><b>Set construction/adaptation</b> In any type of natural or man-made structures or settings used as a film set. Includes action/prop vehicles (also for action/destruction scenes), namely trains, cars, ships and other vessels (whether self-propelled or not), aircraft and fantasy or other specially-made or adapted vehicles.</p> <p><b>Rental of props, repairs and restorations, wardrobe rentals,</b></p> <p><b>Set striking costs:</b> waste removal, skips.</p>
10	<p><b>TECHNICAL MEANS</b></p> <p><b>Rental of camera, lighting and sound equipment.</b></p> <p><b>SFX services, crew and equipment.</b></p>
11	<b>IMAGE AND SOUND SUPPORTS</b>
12	<b>IMAGE LABORATORY</b>
13	<b>FILM EDITING</b>



Below the line	
14	<p><b>MISCELLANEOUS PRODUCTION EXPENDITURE</b></p> <p><b>Location fees and other fees</b> Fees and other expenses that are directly related to the production which are paid to location owners, including the State (national level institutions or municipalities/local councils), non-governmental organisations or other entities in Portugal (natural or legal persons). May include other fees or costs of public services, e.g., in the fields of heritage, archaeology, environment, security, etc.</p> <p><b>Other infrastructures</b> Rental of production offices (extraordinary, temporary), warehouse space, workshop facilities, storage space, mobile toilets.</p> <p><b>Telecommunications</b> Expenditure on fixed telephony, mobile telephony, internet, email and fax services incurred in Portugal (including rental of walkie talkies).</p> <p><b>Health &amp; Safety and Security</b> First aid nurses, doctors and ambulances. Police, Civil Protection, Armed Forces. Private security services.</p> <p><b>Legal costs</b></p>
15	<p><b>INSURANCE AND MISCELLANEOUS</b></p> <p><b>Audits, insurance, financial charges.</b> Insurances: if covering production activities in Portugal and premiums paid to insurance companies in Portugal. Bank charges: only if directly related to the production (banks in Portugal). Debt, interest and exchange costs are ineligible.</p>
16	<p><b>PRODUCER'S STRUCTURE COSTS (up to 15% of the incentive's amount)</b></p>
<p>Note that under article 9, paragraph 6 of the regulation, "In addition, production expenses related to production activities carried out in Portugal, but contracted with service providers established in other States of the European Union or the European Economic Area, are considered to be eligible expenses, up to a limit of 20% of eligible expenditure in Portugal.". This norm only applies to expenses with services and the acquisition of goods, not for expenses related to personnel.</p>	



The following items are not eligible for the Incentive:

- Depreciation of equipment purchased with support of public funds (national or EU funds);
- Debt and interest;
- Cost totally covered by other public funds;
- Exchange Costs;
- Marketing and Advertising.

All items have to be presented in the project budget net of Value Added Tax, where refundable.