



## **Support Program for the High Impact Film and Audiovisual Industry**

### **1. What is it?**

It is a program to support the audiovisual industry that complements the existing public policy of supporting the industry in Mexico. This new program will offer an incentive of up to 17.5% of the production disbursements made in Mexico.

It consists of a cash reimbursement applied on the documented expenses and the refund of the Value Added Tax (VAT) incurred by them in the country.

In addition, an integral plan specializing in high impact film and audiovisuals is created to offer productions a better experience when filming in our country.

### **2. Who qualifies to benefit from the program?**

Any film or audiovisual production spending a minimum of 70 million pesos in Mexico during its development and production phases, and/or 20 million pesos on post production, may qualify for the financial reimbursements.

Production and post production expenses can be combined, but in that case, a minimum of 70 million pesos must be reached.

### **3. All the expenses?**

Qualifying expenses made in Mexico with fiscally authorized invoices are included. These include (not exclusively): payment of workers payroll, supporting actors, union fees, specialized equipment rental, car rental, fuel, hotel rooms, airline tickets, film catering, construction materials, office rental, locations, computing and office equipment, negative, raw stock, film processing, telecines, digital intermediates, color grading, making print 0, payment for private security on the set, etc.

In short, all disbursements made in Mexico having to do with the production and post production of a film or audiovisual documented by the fiscal forms required by Mexican Law in general.

### **4. What do I receive as an incentive?**

Two benefits: A refund of the Added Value Tax (VAT) of up to 16%, which has already been in effect as a stimulus to the export of goods and services for several years.

Since not all spend concepts in Mexico are subject to VAT, the Program provides for funding so producers can receive up to 7.5% of Mexican qualified spend.

The two benefits combined come to a net 17.5% of the qualifying production and postproduction costs spent within our country.

### **5. Do I need to open a company in Mexico?**

The tax refund program requires a registered taxpayer in Mexico.

You can use already existing service and production companies that are backed up by their experience and history, or open a company specifically for this purpose.

### **6. What do I have to do to get the benefits?**

The first point of contact for producers interested in receiving this benefit is the Mexican Film Commission (COMEFILM: <http://www.comefilm.gob.mx/>) of the Mexican Film Institute (IMCINE: <http://www.imcine.gob.mx/>).

IMCINE is the agency that, for over 26 years, has financed, supported and produced the vast majority of Mexican films and, therefore, has the experience needed to talk “producer to producer” with the people applying for this support.

Here you will be asked for a minimum of documentation in order to evaluate expenses planned by the production, the shooting destinations and the investment to be made, as well as whatever film specific requirements there may be.

During this first contact, the producer will be informed of the basic benefits of the program and the requirements and paperwork required by other agencies of the Federal Government. In addition, he/she will have access to a detailed directory of the industry, the offices of the Film Board and Film Commissions in the states and municipalities, and contact information on unions representing the film workers of the Mexican Republic.

After this, ProMexico (<http://www.promexico.gob.mx/>), the branch of the Federal Government in charge of promoting foreign investment and exports, will assign an “account executive” to help the producer solve the specific problems that may arise during the production on Mexican territory, so that the “Mexico Experience” will be productive and pleasant.

In order to obtain the support, she/he must duly file taxes with the System of Tributary Administration (SAT) and notify the executive of the ProMexico account, so that the refund of the existing VAT can be prompt and clear, in addition to being used as the basis for calculating the amount that the Reimbursement Fund may reimburse the user. Once this has been complied with, a support contract will be signed and the sums delivered.

### **7. Is there any limit to what can be given out each year?**

The incentive that can be assigned to one project has no limit (only the maximum percentage that each production can obtain), other than the availability of existing funds at the time the film/audiovisual project is enrolled.

For the moment, the Reimbursement Fund has a guaranteed 20 million dollars, scalable to a limit of 40 million dollars for this year.

This means that projects for up to a maximum investment in Mexico of 260 million dollars can be supported, which leads us to believe that there are more than sufficient funds for this year.

#### **8. Is there a limit per production?**

Yes, a production may receive back up to 17.5% of the total qualifying expenses in Mexico.

The sum of this reimbursement, together with the Integral Service Platform and the state and municipal support packages, places Mexico, in net terms, 2.5% above our main competitors.

#### **9. Can I receive other financial or in kind supports?**

The program includes all of the programs supporting film production in existence to date (FOPROCINE, FIDECINE, EFICINE), but does not exclude any support, in cash or in kind, that may be offered by state or municipal administrations.

#### **10. What else does Mexico have to offer me?**

The most important thing is that the Mexican film workers have an outstanding level of knowledge, experience and a work ethic that makes shooting in Mexico easy, efficient and pleasant.

In addition, the film workers' unions in Mexico are modern and flexible, easily adapting to the new conditions and needs of film and audiovisual productions.

In Mexico, there are companies that rent top quality specialized equipment, with sufficient stock to cater to large productions, and with the flexibility and administrative capacity to adapt to market conditions.

Our country has eight labs offering integral post production services, ranging from developing and negative transfer, dailies in any format, to digital design composting, 2D and 3D digital animation, clearance shots, THX sound mixing (Mexico has five certified rooms), etc.

Among other shooting facilities, Estudios Baja, boasts the largest and most important aquatic installations in the world, in addition to sound stages.

And Estudios Churubusco (<http://www.estudioschurubusco.com/>) has warehouses, sound stages and office space, its own lab and post production facilities. There are also sound stages and temporary office space in various states of the Republic.

We must stress the diversity of settings that can be used as locations in Mexico, which holds the fourth place in biodiversity in the world, thus guaranteeing countless possible locations a short distance away.

Because Mexico is a federation, the governments of the entities forming it have autonomy in their management and budgets, allowing them to be active participants in the promotion of film investments within their territory, so as to capture the economic spillover these produce, as well as their promotion of tourism; many of these have offices to assist film productions in various localities, to ensure them good attention and services.



Mexico also has an excellent telecommunications infrastructure, air and ground transportation, which allow us to connect easily and efficiently with any destination in the world.

#### **11. Can I film safely in Mexico?**

The local industry has produced over 60 films a year over the last three years and insurance premiums for national productions have not increased.

As part of the Integral Service Platform, contact will be established with the Department of Public Federal Safety in order to determine, on a case by case basis, if the support of a specific security service is needed and can be provided to the production.

#### **12. Is there anything else I need to know?**

Yes, the Integral Service Platform has been coordinated by ProMexico so that all of the Federal Government's agencies are aware of and participate in the plan, offering better and clearer conditions to film and audiovisual productions that wish to film in our country. To achieve this, the immigration requirements for specialized professionals have become increasingly easy to comply with for some time now; a clear and efficient mechanism has been established by the National Defense Department for importing arms and explosives specifically for use in productions, and we are working on achieving the same sensitivity and simplicity with the Departments of the Treasury, the Environment, the National Institute of Anthropology and History, and other similar institutions, in order to facilitate the production of all types of films in Mexico.

This will make the "Mexico Experience" easier, not only for productions of the size contemplated in this Plan, but also for smaller productions.

#### **13. When will the Plan go into effect?**

The final guidelines are being worked out. The plan will be effective as of May 2010. Therefore, any production that has incurred qualifying expenses and files a partial tax statement as of the month of June, together with the required documentation to COMEFILM and ProMexico, can qualify for the reimbursement and take advantage of the Integral Service Platform as of that month.

#### **14. How long will it take to get the refund and the reimbursement fund?**

Between 45 and 60 days from the date of the project's application and filing proof of the disbursements made.

If you have any more questions  
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