

Act of Parliament no. 170 of 20 December 2017 on the reimbursement of film production costs in the Faroe Islands

In accordance with the decision of the Faroese Parliament, the Prime Minister hereby authorizes and proclaims the following law:

§1. In connection with the production of films, series and documentaries in the Faroe Islands, up to 25 % of production costs can be reimbursed.

Scope

§2. Reimbursement can be granted for the production of films, series or documentaries when the production wholly or partly takes place in the Faroe Islands and when such production is intended for broad public distribution.

Para 2. Productions of advertisements, news, reality programs, light entertainment and sports programs are not entitled to reimbursement.

Applicants

§3. The main production company, or the person with a legal mandate to represent the company, can apply for reimbursement in accordance with this act.

Para 2. The main producer shall have produced at least one film or series within the five years prior to the application. This production must have been screened in cinemas, broadcast widely on television or shown widely on other public platforms.

Entitlement to reimbursement

§ 4. Reimbursement of costs will only be granted to public limited companies and limited liability companies established in the Faroe Islands.

Para 2. The company shall be established with the purpose of undertaking the production for which the reimbursement may apply. The company is responsible for ensuring that the production takes place in the Faroe Islands. The costs for which reimbursement is sought shall be recorded in the accounts of the company.

Applications

§ 5. An application for reimbursement shall be submitted before production begins in the Faroe Islands.

Para 2. The following information shall, as a minimum, be included in the application:

- 1) Name of the applicant
- 2) Proof of film rights
- 3) Description of the storyline, content and type of production encompassed by the application
- 4) The total budget for the production
- 5) Budget for the production in the Faroe Islands
- 6) Detailed overview of all private and public sources of funding
- 7) Production plan for the production in the Faroe Islands
- 8) Overview of the creative and technical crew associated with the production in the Faroe Islands
- 9) An explanation of how the conditions set out in § 6.2 are fulfilled

Conditions for reimbursement

§ 6. The production shall fulfill the following conditions for the partial reimbursement of costs:

- 1) The production shall take place wholly or partly in the Faroe Islands
 - a) The production shall contribute to the development of artistic and technical knowledge and skills in the Faroese film sector
 - b) The production shall have a budget of approved costs amounting to least 500.000 DKK.
- 2) The production shall contribute to the dissemination of Faroese culture, history or nature.

3) At least 25% of the budget for the production in the Faroe Islands shall be funded from outside the Faroe Islands.

4) Written proof shall be provided of agreements for international distribution of the production. A letter of intent of international distribution may also be accepted.

Para 2. The Minister may stipulate requirements for the use of Faroese experts and skills in the production, in accordance with Para 1,1).

Amount of the reimbursement

§ 7. The reimbursement can be up to 25% of the approved costs in connection with the production in the Faroe Islands, cf § 8.

Para 2. Additional expenses arising after filming in the Faroe Islands has commenced may be approved. Such additional expenses must not, however, exceed 20% of the approved budget.

Approved expenses

§ 8. Costs incurred in the Faroe Islands and which are deductible in accordance with the law on national and municipal tax form the basis for calculation of reimbursement. Salaries to staff and payments to providers will be approved as costs, if these are subject to tax in the Faroe Islands.

Para 2. Costs should not be higher than prevailing market prices.

Para 3. Costs incurred before the application is submitted will not be approved.

Administration

§ 9. The Minister can stipulate provisions for the administration of this Act, including the establishment of a dedicated office for this purpose

Para 2. Should the Minister transfer his powers according to this Act to another authority to administer, he/she may set conditions for appeal, including the possibility that decisions cannot be appealed.

Para 3. Necessary information for the assessment of application can be obtained from TAKS (the Faroese Customs and Taxation Authority).

Validity

§ 10. A decision to approve an application for reimbursement is valid for three years. The period can be extended based on an application lodged prior to the expiry of this period. An additional year may be granted, with four years maximum for any decision.

Conditions for payment

§ 11. The applicant must apply in writing to receive the reimbursement of costs. A request for payment shall be submitted to the Minister within six months after the completion of production in the Faroe Islands.

Para 2. A condition for receiving reimbursement of costs is that the production in the Faroe Islands is completed and that the production has no outstanding public taxes or fees due to the Faroese authorities

Para 3. The recipient of the reimbursement has a duty to document that the conditions for reimbursement according to this Act have been fulfilled.

Para 4. The final accounts shall be audited and approved by a certified accountant. The accountant shall also confirm that the accounts are in accordance with the provisions of this Act.

Information requirements

§ 12. The applicant has a duty to provide the Minister with all information necessary to assess the application for reimbursement.

Para 2. When the approval of an application for reimbursement is available, the recipient of the reimbursement must on his/her own initiative provide information on any changes in the conditions for the reimbursement. Significant changes in the production can only be made after informing the Minister and receiving his/her written approval.

§ 13. If the reimbursement is approved according to this law, suitable mention shall be made of the Government of the Faroe Islands in the credits of the film or program, and in any other material where mention is made of the production's investors and sponsors.

Oversight and information

§ 14. The Minister has oversight with the costs and payments in connection with the production.

Para 2. The main production company has a duty to keep the final accounts for the production for five years after its completion and during this period shall provide the accounts upon request by the Minister.

Para 3. For use in connection with payments according to this law and the oversight of the production, any necessary information may be obtained from TAKS, the Faroese Customs and Taxation Authority.

Revocation, distraint i.a.

§ 15. A decision on reimbursement can be wholly or partly revoked, payments withheld and requirements made to have previously paid amounts repaid, if:

- 1) the recipient of the reimbursement has not fulfilled the information requirements according to § 12,
- 2) the reimbursement is not used in accordance with the conditions for reimbursement, or
- 3) the recipient in some other significant way has breached the provisions of this law or conditions applied with a basis in this law.

Para 2. Reimbursement and interest due can be levied by distraint.

Para 3. TAKS (the Faroese Customs and Taxation Authority) levies distraint for repayment and interest due in accordance with Para 1, based on the provisions of tax law with regard to the collection of tax.

Para 4. An excess in payment of reimbursement shall be repaid at the latest 10 days after notice of the repayment has been issued. If the repayment is not made on time, 0.7% interest will accrue from the first of every month from the date of due payment. This will also apply to previously accrued interest.

Para 5. Should an excess payment of reimbursement not be repaid on time, the main production company involved can be excluded from receiving reimbursement according to this law for up to 3 years, or until the debt has been repaid. This also applies if the company breaches other provisions in Para 1 of this Article.

Entry into force

§ 16. This law enters into force on 1 January 2018.

Para 2. § 3, para 2 enters into force on 1 January 2023.

20 December 2017

Aksel V. Johannesen (sign.)
Prime Minister