



Fiscal incentives and cash rebates in the audiovisual sector

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Fiscal incentives and cash rebates in the audiovisual sector

Matthieu Santanna, Sophie Valais



Foreword

“Follow the money” is an old rule of thumb. In today’s audiovisual industry, it has become a production strategy.

Films and series no longer simply occupy locations, they are engineered around them. A script may be set in one country, financed in another and shot in a third, guided less by geography than by fiscal design. What was once called “runaway production” is no longer an exception to be managed; it is the system itself.

Fiscal incentives and cash rebates sit at the centre of this shift. With more than 120 automatic production incentives operating globally, and Europe accounting for a significant share, these tools have moved from the margins of public funding policy to its core. They do not just support production; they shape it, redirecting billions in investment and redefining competition between regions and nations.

This report examines how these mechanisms have evolved within the European audiovisual framework, alongside direct public funding and regulatory obligations. By lowering effective production costs and anchoring expenditure locally, tax credits, rebates, and investor-based shelters have proven their strategic value, not only for producers and investors, but for governments competing to attract jobs, infrastructure and global visibility.

But incentives are not neutral instruments. They operate within a dense legal and policy architecture, in which EU state aid rules intersect with cultural policy frameworks. Their success depends less on headline rates than on credibility: clarity of rules, administrative efficiency and the certainty they offer in a high-risk financing environment.

Drawing on comparative analysis across national approaches in Europe and globally, with case studies from Hungary, Spain, the United Kingdom, Canada, the United States and Thailand, this report highlights how different systems translate policy into practice. It is intended as a practical and analytical resource for policymakers, industry professionals and stakeholders navigating this dynamic landscape. By clarifying legal constraints, operational mechanisms, and comparative trends, it seeks to inform more effective decision-making. In doing so, it points toward a future in which fiscal incentives not only underpin economic activity, but also sustain the cultural vitality and global competitiveness of the audiovisual sector.

Enjoy the read!

Maja Cappello

IRIS Coordinator

Head of the Department for Legal Information

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List of abbreviations and acronyms

AVEC	Audio-Visual Expenditure Credit (United Kingdom)
BEPS	Base Erosion and Profit Shifting (OECD/G20 initiative)
BFI	British Film Institute
CAVCO	Canadian Audio-Visual Certification Office
CJEU	Court of Justice of the European Union
CPTC	Canadian Film or Video Production Tax Credit
EEA	European Economic Area
EFTA	European Free Trade Association
ESA	EFTA Surveillance Authority
EU	European Union
EUR	euro
FTE	full-time equivalent
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GBER	General Block Exemption Regulation
GVA	gross value added
HETV	high-end television
HMRC	His Majesty's Revenue and Customs (United Kingdom tax authority)
ICAA	<i>Instituto de la Cinematografía y de las Artes Audiovisuales</i> (Spain)
IFTC	Independent Film Tax Credit (United Kingdom)
IP	intellectual property
KOFIC	Korean Film Council
NFI	National Film Institute (Hungary); also Norwegian Film Institute, depending on context
OECD	Organisation for Economic Co-operation and Development
PSTC	Film or Video Production Services Tax Credit (Canada)

SCM	Agreement on Subsidies and Countervailing Measures (WTO)
SVOD	subscription video on demand
TFEU	Treaty on the Functioning of the European Union
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAT	value added tax
VFX	visual effects
VOD	video on demand
WTO	World Trade Organization



Executive Summary

This report explores fiscal incentives and cash rebates in the audiovisual sector, their role within the wider framework of public support for audiovisual works and the ways in which they are designed, regulated and used across jurisdictions. In the context of this report, fiscal incentives and cash rebates refer to public support mechanisms linked to qualifying expenditure on audiovisual works and delivered either through tax frameworks or through rebate-type mechanisms. These schemes may take different legal forms, including tax credits, cash rebates and investor-based models such as tax shelters. While they differ from direct public funding in their legal form and the administrative process that accompanies them, they align with similar objectives: reducing production costs, facilitating project financing and supporting the creation and circulation of audiovisual works.

Chapter 1 of the report situates fiscal incentives and cash rebates within the broader context of European audiovisual policy, alongside direct public funding and regulatory obligations imposed on audiovisual media services. While fiscal incentives and cash rebates were initially developed in North America, they have grown significantly in importance across Europe since the late 2000s and are now a structural component of audiovisual policy in many jurisdictions. These schemes are used not only to pursue cultural policy objectives, but also to attract inward investment, stimulate local expenditure, strengthen infrastructure, develop skills and maintain competitiveness in a highly mobile international production environment. The chapter sets the scene by clarifying the scope of the report and explaining that the term “fiscal” is used broadly to cover both schemes embedded in the tax system and cash-equivalent support calculated from qualifying expenditure. By tracing the historical development and underlying policy motivations of these measures, Chapter 1 highlights their increasing scale and significance in the financing of European audiovisual works.

Chapter 2 examines the legal framework governing fiscal incentives and cash rebates, starting with their wider international context. These mechanisms are considered against the backdrop of key multilateral agreements and standards, including the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, WTO agreements and the OECD Model Tax Convention. At the European Union level, the report explains how fiscal incentives and cash rebates qualify as state aid under Article 107(1) TFEU, as they involve state resources, confer an economic advantage and may affect trade and competition. The chapter details the EU rules governing notification, compatibility and exemptions, including *de minimis* aid and the General Block Exemption Regulation. Particular attention is given to the Cinema Communication, which provides the main sector-specific framework for assessing aid for films and other audiovisual works. The chapter also analyses long-term trends in notified aid decisions and shows that Europe has



moved progressively from a support landscape dominated by direct aid towards one in which tax-based support plays a central role.

Chapter 3 focuses on the main types of fiscal incentives and how they operate in practice. It explains that the legal classification of an incentive does not always correspond to its actual impact on financing and that, from a producer's perspective, the most critical factors are the delivery mechanism, the timing of access to the benefit and the possibility of integrating it into a financing plan. The chapter distinguishes between tax credits, cash rebates and tax shelters, and clarifies the difference between these expenditure-based incentives and broader tax deductions or exemptions that do not serve as core production-financing tools. It further examines practical design issues, such as eligibility criteria, the definition of beneficiaries and applicants, administrative processes, financial parameters and the implementation of safeguards and anti-abuse mechanisms. Chapter 3 demonstrates that these design choices significantly influence the real value, predictability and usability of incentives in production finance.

Chapter 4 provides a comparative overview of selected national approaches. It analyses different incentive models in Hungary, Spain, the United Kingdom, Canada, the United States and Thailand, showing how jurisdictions have structured support through different combinations of tax credits, rebates and related mechanisms. The comparison highlights significant variation in administration, eligibility criteria, thresholds, caps, predictability and monetisation options. It also shows that there is no single successful model. Rather, the attractiveness of a jurisdiction depends on a combination of elements, including the effective value of the scheme, its administrative simplicity, its legal certainty, the presence of skilled labour and infrastructure and the broader industrial and policy environment in which the incentive operates.

Finally, **Chapter 5** identifies broader trends and emerging issues. It shows that fiscal incentives and cash rebates are now a structural feature of audiovisual policy, but that their purpose and design continue to evolve. The chapter highlights several key developments, including the widespread adoption of incentives and the resulting convergence of territorial competition, the strengthening of economic-impact narratives, the integration of incentives into wider industrial and resilience strategies, and the emergence of policy innovation through targeted uplifts and qualitative conditions linked to sustainability, diversity and other public objectives. It also addresses the growing challenges associated with these schemes, including budgetary pressure, difficulties in measuring their full impact, the risk of excessive dependence on internationally mobile productions, and tensions between attraction strategies and broader cultural policy goals. In that respect, the report concludes that the main challenge for the future is not simply whether to use fiscal incentives, but how to calibrate them within a coherent and sustainable screen-sector model.

1. Setting the scene: fiscal incentives and cash rebates in the audiovisual sector

1.1. The place of fiscal incentives in the audiovisual support framework

The promotion of audiovisual works in Europe relies on several different types of instruments. The main instruments consist of two forms of public support – direct and indirect – alongside a third category of regulatory obligations that does not constitute public support.

First, there is direct public funding, typically granted by national or regional film funds or public agencies. This includes both selective support and automatic support, in the form of grants, loans, repayable advances on receipt or similar forms of direct intervention.

Second, there are fiscal incentives and cash rebates, which are an indirect form of public support and the focus of this report. These measures reduce the effective cost of producing and, in some cases, distributing audiovisual works by granting an advantage linked to qualifying expenditure incurred in a given territory. Depending on the national system, they may take the form of tax credits, rebates, deductions or investor-based structures such as tax shelters.

Third, there are regulatory obligations imposed on certain audiovisual media service providers to promote European works, notably quotas, obligations related to prominence, levies and investment obligations. They are not analysed in this report except insofar as they help situate fiscal incentives within the broader policy environment.

1.2. Scope of the report

For the purposes of this report, “fiscal incentives and cash rebates” means public support mechanisms linked to qualifying expenditure on the production of audiovisual works and delivered either through the tax framework or through rebate-type mechanisms. In practical terms, these schemes return a share of eligible expenditure to the beneficiary and thereby lower the net cost of the project.



Some schemes are embedded directly in the tax system, such as tax credits or deductions. Others, although closely linked to tax law or tax administration, are designed to be monetised as cash-equivalent support calculated on production expenditure rather than on ordinary tax liability alone. For that reason, this report does not use “production incentives” as its own legal label, even if that expression appears in certain industry reports or datasets.

In practice, incentives may take different legal forms, including (i) tax credits (which may be refundable, transferable or non-refundable), (ii) cash or tax rebates calculated on eligible spend and paid ex post after verification, and (iii) investor-based models (often referred to as “tax shelters”) that channel private investment into productions through tax relief for investors.¹

This report covers schemes supporting the development, production and post-production of films and other audiovisual works. It also covers distribution or circulation incentives where national frameworks expressly provide them. The report explores schemes supporting films and audiovisual works, as well as certain “hybrid” or “complex” works (e.g., interactive formats or video games) where national frameworks explicitly extend eligibility. By contrast, the report does not address general corporate taxation, VAT, personal income taxation, or other general tax rules unrelated to audiovisual incentive schemes.

1.3. Historical background

Fiscal incentives and cash rebates are now a familiar part of the European audiovisual policy landscape, but they became widespread only relatively recently.

Before fiscal incentives and cash rebates became a mainstream instrument from 2010 onward in Europe, automatic, expenditure-linked incentives had already gained visibility in North America, where they were used both to support production capacity and to attract mobile inward investment. In Canada, the move away from earlier tax-shelter style approaches towards refundable, labour-based credits in the mid-1990s included the introduction of the Canadian Film or Video Production Tax Credit (CPTC) in 1995 and, crucially for inward service production, the Film or Video Production Services Tax Credit (PSTC) in 1997, explicitly designed to recognise the economic value of service productions and co-ventures.² Provincial measures complemented these federal instruments (for example, British Columbia introduced a labour-based production services tax credit in

¹ In this report, the main production-related fiscal incentive instruments are understood as follows: a tax credit offsets tax due (sometimes refundable/transferable) and is typically calculated as a percentage of eligible production expenditure; a cash rebate pays that percentage as a cash amount (often after certification/audit); a tax shelter is an investor-oriented structure granting tax relief to investors who finance eligible audiovisual works. See more detailed definitions in chapter 3.

² Government of Canada, [Canadian Film or Video Production Tax Credit \(CPTC\) – Revision and implementation of CAVCO program Guidelines](#). CAVCO Public Notice 2006-02, Canadian Audio-visual Certification Office (CAVCO), *Canadian Heritage*, Ottawa, 8 June 2006, paras. 1-2.



1998), strengthening Canada's competitiveness with regard to international production expenditure.³

In the United States, concerns about the relocation of film and television production to jurisdictions offering lower costs and/or production incentives contributed to the launching of state-level incentive programmes from the early 2000s onwards. For instance, Louisiana adopted one of the early state film incentive programmes in 2002⁴, while New Mexico adopted its production tax credit in 2002.⁵

Fiscal incentives and cash rebates then expanded significantly from the late 2000s onwards in Europe, as many countries introduced new rebates or tax credits and updated existing systems to improve competitiveness, broaden eligibility (e.g., animation, high-end TV) and increase operational predictability.⁶

Ireland was one of the earliest European jurisdictions to use tax-based support for screen production, with a film support programme operating since 1987 and Section 481 later consolidated under the Taxes Consolidation Act 1997. The Belgian Tax Shelter was introduced in 2004, while Hungary introduced a fiscal incentive scheme in 2004 (subsequently modified), and the UK and Germany moved to tax credit-based or tax credit-like models in 2007 (replacing earlier, more complex mechanisms). Over time, many schemes were revised and optimised so that they would remain competitive and predictable, and their scope was broadened beyond feature films to reflect market evolution (e.g., growth of high-end series; incentives increasingly covering television series and, in some cases, specific production components such as VFX).⁷

Two mutually reinforcing dynamics help explain this expansion. First, public rationales increasingly combined cultural objectives with industrial policy considerations, framing production as a lever for employment, skills development and infrastructure, alongside cultural diversity goals. This dual rationale is explicitly reflected in EU state aid discourse on audiovisual support. Second, competition to attract mobile productions intensified. The European Commission noted, in the context of the 2013 Cinema Communication, an increase in schemes designed to attract major foreign productions to Europe and stated that it would monitor developments so that competition takes place primarily on the basis of quality and price rather than state aid.⁸

³ Government of British Columbia, *Bill 3 – 1998: Income Tax Amendment Act, 1998*, (provisions establishing labour-based film/TV production tax credits) Victoria, 1998.

⁴ Regional Economic Models, Inc. (REMI), *The Economic and Fiscal Impacts of Connecticut's Film Tax Credit*, Amherst, February 2008.

⁵ Ernst & Young, *Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit*, Santa Fe, January 2009, pp. 2-3.

⁶ Hermanns O., Radel-Cormann J., *State aid and the audiovisual sector*, IRIS, European Audiovisual Observatory, Strasbourg, June 2025.

⁷ Beauvoir A., Morand A., Kordonian G., *Étude comparative des crédits d'impôts en Europe et au Canada : cinéma, audiovisuel, jeux vidéo*, Les études du CNC, Centre national du cinéma et de l'image animée (CNC), Paris, 2014.

⁸ European Commission, *Communication on State aid for films and other audiovisual works*, OJ C 332, 15 November 2013, paras. 2, 14-16 and 39-41.



1.4. Public policy objectives today

Governments deploy fiscal incentives and cash rebates (such as tax credits or expenditure-based rebates) as largely automatic instruments to attract, stimulate or retain screen production expenditure that would otherwise not occur domestically, thereby supporting both cultural policy aims and broader economic objectives.⁹

By lowering the effective cost of producing locally, such incentives can draw domestic and inward-investment projects and trigger immediate spending on local labour and suppliers (e.g., studios, production services, post-production), while generating indirect and induced spillovers¹⁰ across the wider economy (including accommodation, catering, transport and other business services).¹¹

In policy and evaluation practice, incentives are therefore framed as economic development tools, with impacts commonly assessed through indicators such as gross value added (GVA), employment, often measured in full-time equivalents (FTEs), workforce development and infrastructure investment, alongside additional strategic spillovers such as screen tourism and national branding.¹²

Recent empirical evidence illustrates the scale of these effects: for example, an impact assessment of Spain's Rebate for Investments in International Film and Television Series estimates substantial economy-wide GVA and employment effects over 2019–2022, a high GVA return-on-investment, and strong additionality,¹³ while also showing that a significant share of production expenditure flows to non-screen sectors.¹⁴

In the EU context, these objectives sit alongside state aid discipline: the European Commission has acknowledged that certain conditions (including territorial expenditure requirements) may be used to maintain a critical mass of production infrastructure, while seeking to limit disproportionate distortions of competition.¹⁵

⁹ Olsberg•SPI, *Global Film and Television Production Incentives – A White Paper*, prepared for the Motion Picture Association, November 2024, p. 4 (Key highlights) and p. 56.

¹⁰ Spillover effects are indirect impacts that an activity, policy or investment in one sector, region or country has on other sectors, regions or countries.

¹¹ *Ibid.*, p. 56.

¹² Olsberg•SPI, *Economic Impact of Spain's Rebates for Investments in International Film and Television Series*, report for the Spain Film Commission, 30 August 2024, pp. 20-28.

¹³ Additionality refers to the extent to which an intervention generates outcomes that would not have occurred, or would have occurred to a lesser extent, without that intervention; here, the production expenditure, GVA and employment attributable to Spain's rebate.

¹⁴ *Ibid.*

¹⁵ European Commission, *Communication on State aid for films and other audiovisual works*, op. cit., paras. 15-16 and 39-41.

1.5. Current trends: scale, financing weight and demand-side drivers

Fiscal incentives and cash rebates are no longer a marginal support tool. They have become a structurally important feature of the global screen-policy landscape. At global level, Olsberg•SPI reported that 120 incentives were in operation worldwide as of October 2024, illustrating the broad internationalisation of expenditure-based support mechanisms. While definitions and coverage vary across different analyses, the broader trend is clear: such schemes have continued to expand and are now widely used to attract production activity and support sector growth.¹⁶ Within that global landscape, Europe represents a substantial share: the same Olsberg•SPI mapping indicates just over 30 incentive schemes in Europe (depending on the scope/coverage used).

These schemes have also become a major component of European film financing. As of 2023, “production incentives” accounted for 21% of total cumulative financing volume, making it the second most important financing source after direct public funding.¹⁷ Such incentives were widely used: 76% of the sample films were partly financed through them. Their financing weight tends to increase with market size, which helps explain why they have become especially prominent in larger production territories.

Demand-side dynamics help explain why governments continue to maintain or expand such schemes. Total spending by audiovisual services on original European content (excluding news and sports rights) rose from EUR 13.4 billion in 2014 to EUR 25.1 billion in 2024, accelerating after the pandemic and remaining at historically high levels despite more moderate growth recently. Global streamers accounted for a growing share of this spending (EUR 8.5 billion in 2024, i.e. 34%), while broadcaster spending continued to increase at a more moderate pace.¹⁸ In this context, commissioning remains sustained and production investment continues to rise, driven by audience demand for new titles and by the strategic value of local originals in subscription and advertising markets.

As a result, fiscal incentives and cash rebates are increasingly used to secure a share of mobile production activity. They also aim to support local workforce and supplier ecosystems, and to maintain competitiveness against jurisdictions offering comparable and predictable mechanisms.

Recent reforms also show that these schemes are not only expanding in number, but are increasingly being recalibrated to serve more targeted policy objectives. In the United Kingdom, for example, the Independent Film Tax Credit allows eligible films to opt into an enhanced 53% Audio-Visual Expenditure Credit, illustrating how incentive design is

¹⁶ Olsberg•SPI, *Global Film and Television Production Incentives*, November 2024, p. 3.

¹⁷ Joliveau-Breney E., *Fiction film financing in Europe: A sample analysis of films released in 2023* (Strasbourg: European Audiovisual Observatory, 2026), pp. 97-98.

¹⁸ Fontaine G., *Audiovisual services spending on original European content – 2014–2024 data*, European Audiovisual Observatory, Strasbourg, September 2025, pp. 6-7 and 9-12 (spending time series; streamer/broadcaster split; 2024 totals).



being used not only to attract expenditure but also to support specific segments of the production market, in this case qualifying independent films.¹⁹

¹⁹ HM Treasury / HM Revenue & Customs, [HMT-HMRC policy note – UK Independent Film Tax Credit](#), updated on 12 April 2024.



2. Legal framework related to fiscal incentives and cash rebates in the audiovisual sector

2.1. Legal qualification

Fiscal incentives and cash rebates constitute a key instrument of public intervention in the audiovisual sector. While they share common objectives with direct public funding, such as supporting audiovisual creation, attracting production activity and strengthening national industries, they differ in their legal nature, administrative process and financial impact.

Direct public funding typically takes the form of grants, loans or advances from public budgets. They involve a direct transfer of state resources to beneficiaries, usually subject to cultural, artistic or economic selection criteria. These funds are often awarded by a public authority or film fund and may be disbursed upfront or linked to specific project milestones.²⁰

Fiscal incentives in the audiovisual sector operate primarily through the tax system. They commonly take the form of tax credits, exemptions or deductions, which are calculated as a percentage of eligible production expenditure carried out locally (such as hiring local crew, renting equipment or using domestic services).²¹ The benefit is usually realised as a reduction in corporate tax liability, and if the tax credit exceeds the company's tax owed, it may be refundable, resulting in a direct cash payment to the producer.

Economically, this tax relief functions as a form of public expenditure aimed at supporting the industry. However, while these incentives are technically connected to the tax system, in practice the link is often only indirect: instead of reducing the beneficiary's actual tax bill, the incentive is frequently paid out as a cash sum based on production spending. This means the support does not depend on the company's tax liability or profitability. As a result, these measures act less like traditional tax relief (which reduces tax due on profits) and more like production grants. For this reason, such schemes are commonly referred to as production incentives, rather than strictly fiscal incentives, reflecting their broader purpose of encouraging local expenditures and investment regardless of a company's tax position. In summary, even though these incentives are

²⁰ C aid for films and other audiovisual works, [2013/C 332/01](#) (Cinema Communication) refers to different forms of state aid for the production of films and other audiovisual works: grants awarded to select audiovisual content, fiscal incentives and other types of financial support (reimbursable loans, repayable advances, guarantees, etc.) (Articles 8, 15 and 33), the first two mechanisms cited being the main ones (Article 23).

²¹ Public support is possible not only through direct grants but also through measures such as tax incentives (which can take the form of tax credits or exemptions or deductions) and soft loans (Cinema Communication, section III, "Type of aid").



administered through tax authorities or classified as tax measures, their function and effect are more about directly supporting production spending and less about adjusting a company's tax position.

Other financial incentives, such as cash rebates, may also be offered to attract film and television productions to a specific location, and generally do not require the recipient to establish a local entity. Under this scheme, eligible productions receive a direct payment, usually reimbursed after filming, based on a percentage of eligible local expenses, such as hiring local crew, renting facilities or purchasing goods and services.

Despite these structural differences, direct public funding, fiscal incentives and cash rebates provide a specific economic advantage to their beneficiaries. They achieve comparable effects by lowering production costs and facilitating project financing. Fiscal incentives and cash rebates are often presented as more predictable or market-driven, since entitlement generally follows from meeting predefined eligibility criteria rather than discretionary selection. However, this procedural distinction does not affect their legal qualification; all forms of support ultimately confer a targeted economic benefit and serve similar policy objectives in the audiovisual sector.

In the audiovisual sector, fiscal incentives and cash rebates are rarely of general application. They are typically tailored for specific categories of undertakings, such as film or television production, and apply to projects meeting defined cultural, economic or territorial criteria. By improving the competitive position of beneficiaries and influencing decisions about where production is located, these measures have the potential to distort competition and affect trade between member states. As a result, such incentives generally qualify as state aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union (TFEU)²² and their legality is subject to compliance with EU state aid rules. While EU law provides the primary framework for assessing the legality of these measures in member states, fiscal incentives and cash rebates also operate within a broader international context. This context is shaped by trade, taxation and cultural policy agreements, all of which further influence national design choices and regulatory constraints in developing and implementing support mechanisms for the audiovisual industry.

2.2. International legal framework

At international level, fiscal incentives and cash rebates operate within a wider legal framework on cultural policy, trade and taxation.

²² Court of Justice of the European Union (CJEU), *Banco Exterior de España SA v. Ayuntamiento de Valencia*, Case C-387/92, 15 March 1994; CJEU, *Adria-Wien Pipeline et Wieterdorfer & Peggauer Zementwerke*, Case C-143/99, 8 November 2001.

2.2.1. Cultural policy perspective: 2005 UNESCO Convention

The 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, ratified by 161 Parties, including the European Union and in force since 2007,²³ serves as a cornerstone for public support for the audiovisual sector. Under the Convention, audiovisual works are recognised as cultural activities, goods and services that embody or convey cultural expression (Article 4.2), i.e., creative output reflecting identities, values and meanings, and combining economic value with cultural significance (Article 4.4). This dual economic and cultural nature justifies the need for targeted support (Article 1(g)). The term “cultural policies and measures” (Article 4.6) broadly covers actions at any governance level that directly influence the creation, production, dissemination, distribution and access to such expressions.

Article 6 of the Convention recognises the sovereign right of states to maintain, adopt and implement policies and measures that they deem appropriate for the protection of the diversity of cultural expressions on their territory. These include measures aimed at providing public financial assistance.²⁴ Among such measures, the Operational Guidelines to the Convention explicitly refer to subsidies, low-interest loans, guarantee funds, microcredit, technical assistance, tax benefits, etc.²⁵ as well as to fiscal incentives to increase the contribution of the private sector to the development of technological innovations and the culture sector.²⁶

The European Union and all its member states are parties to the UNESCO Convention. For EU member states, the Convention provides a strong normative foundation for measures that promote local creation, linguistic diversity and pluralism. While it complements EU state aid rules by offering a cultural rationale for public support, it does not override EU competition law. Article 107(3)(d) TFEU specifically allows state aid for the promotion of culture, ensuring that cultural policy objectives are taken into account in the assessment of compatibility, alongside the strict requirements of state aid control.²⁷

2.2.2. Trade perspective: the WTO framework

The World Trade Organization (WTO)²⁸ governs international trade through treaties that affect fiscal and other financial incentives for production, including the General Agreement on Trade in Services (GATS), the General Agreement on Tariffs and Trade (GATT), and the Agreement on Subsidies and Countervailing Measures (SCM).

²³ UNESCO, *2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions*, 20 October 2005.

²⁴ *Ibid.*, Article 6.2 (d).

²⁵ *Ibid.*, Article 6.4.2.

²⁶ *Ibid.*, Article 6.4.3.

²⁷ *Ibid.*; see also UNESCO, *Operational Guidelines on the Implementation of the Convention in the digital environment*, 2017.

²⁸ *Marrakesh Agreement* establishing the World Trade Organization, 15 April 1994.



2.2.2.1. Audiovisual services in the GATS context

The General Agreement on Trade in Services (GATS)²⁹ covers audiovisual services under the GATS classification (CPC 961), which covers a range of activities from motion picture production and distribution to broadcast services. Under GATS, members make sector-specific commitments on market access and national treatment, which could affect the legality of offering incentives exclusively to domestic producers. In theory, if a country has fully committed to market access or national treatment for audiovisual services, restricting incentives to local spending or local producers could violate GATS principles by favouring national suppliers.

In practice, most WTO members, including the European Union and its member states, have excluded audiovisual services from their GATS commitments or applied broad exemptions.³⁰ This preserves flexibility for cultural policy measures, such as subsidies, fiscal incentives and cash rebate schemes. Although GATS allows some exceptions for public policy (Article XIV), these are narrowly interpreted and offer limited flexibility. The so-called “cultural exception”, frequently cited in trade negotiations to defend support for the audiovisual sector, is not a formal WTO principle, but rather reflects this deliberate non-commitment in the audiovisual sector. It is further supported by international instruments such as the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which affirms states’ rights to pursue cultural policies. As a result, WTO disciplines provide some boundaries, but countries still retain broad discretion to design and apply cultural support instruments in accordance with their policy objectives.

2.2.2.2. Audiovisual goods: GATT and SCM Agreement

Fiscal incentives and cash rebates in relation to audiovisual goods (e.g., films, DVDs) fall under the General Agreement on Tariffs and Trade (GATT)³¹ and the Agreement on Subsidies and Countervailing Measures (SCM Agreement).³²

GATT sets basic non-discriminatory rules and prohibits certain forms of trade-distorting subsidies, particularly those directly tied to exports, while the SCM Agreement more strictly regulates subsidies. In particular, the SCM Agreement prohibits subsidies linked to exports or domestic content but generally allows measures like tax credits and cash rebates, unless they are tied to exports or proven to harm other WTO members – a rare scenario in the audiovisual sector. Importantly, the SCM Agreement applies only to

²⁹ [General Agreement on Trade in Services](#) (GATS).

³⁰ Audiovisual services is one of the sectors where the number of WTO members with specific commitments is among the lowest. Only 18 WTO members undertook commitments following the conclusion of the Uruguay Round, with some additional members doing so as part of their process of accession to the WTO. Countries with significant audiovisual markets that have undertaken commitments in the sector include China, India, the Republic of Korea, Japan, Mexico and the United States. For more details, please refer to [Schedules of WTO members with specific commitments on audiovisual services](#).

³¹ [General Agreement on Tariffs and Trade](#) (GATT).

³² [Agreement on Subsidies and Countervailing Measures](#) (SCM).



goods, not to services such as broadcasting or streaming, allowing most audiovisual support measures to remain outside its scope.

2.2.3. Fiscal perspective: the OECD Model Convention

Fiscal and other financial incentives in the audiovisual sector must also be considered within the framework of the OECD Model Tax Convention, which determines how income from cross-border activities is taxed. Under the Model Convention, income derived from audiovisual productions and related activities is typically treated as business profits (Article 7) or, in the case of licensing and distribution, as royalties (Article 12). Most fiscal incentives (tax credits, deductions) require a local presence or permanent establishment to ensure that the benefit supports local economic activity. Foreign producers often set up subsidiaries in order to qualify for the benefit, whereas cash rebates frequently do not require a local entity and are paid directly based on local spend.

Bilateral tax treaties based on the OECD Model allow countries considerable latitude to offer incentives, if applied transparently and without discrimination. Co-production treaties also link incentives to international collaborative projects. Recent developments, including the OECD/G20 BEPS initiative,³³ require incentives to be designed to prevent harmful tax practices and treaty abuse, with stricter scrutiny of cross-border arrangements to ensure real economic substance.

Overall, while trade and tax treaties set boundaries for audiovisual incentives, practical constraints are limited. Most countries have designed their commitments to preserve cultural policy autonomy, supported by international frameworks such as the UNESCO Convention. This enables differentiated treatment for cultural goods and services, allowing governments to promote their creative industries effectively without breaching international trade or tax obligations.

2.3. EU legal framework

The European Commission oversees whether fiscal and other financial incentive schemes for the audiovisual sector comply with EU competition law, particularly the rules on state aid.³⁴ The assessment follows a two-stage process: legal qualification as state aid, and compatibility with the internal market.

³³ OECD, [Base erosion and profit shifting](#) (BEPS), consulted on 9 April 2026.

³⁴ Hermanns O., Radel-Cormann J., [State aid and the audiovisual sector](#), op. cit.



2.3.1. Legal qualification as state aid Article 107(1) TFEU

A measure qualifies as state aid under Article 107(1) TFEU if it meets four cumulative conditions:³⁵

- 1) **State imputability and resources:** The measure is attributable to the state and financed through state resources. This includes direct subsidies and fiscal measures (e.g., tax credits, exemptions, or shelters). The Court of Justice of the European Union (CJEU) recognises a loss of tax revenue as equivalent to the use of state resources.³⁶ In the case of fiscal incentives, this condition is fulfilled either through foregone tax revenue or refundable tax credits resulting in net payment from the state.³⁷
- 2) **Selective advantage:** Incentives that benefit specific film or television producers, or projects meeting certain cultural or economic criteria, are inherently selective, even if many companies could be eligible.³⁸ Audiovisual fiscal incentives and rebates are typically limited to specific sectors (e.g., production companies), formats or projects that satisfy cultural or economic eligibility criteria, thereby excluding other market participants.
- 3) **Distortion of competition:** By lowering recipients' costs and enhancing viability, incentives improve their competitiveness, potentially affecting market balance.
- 4) **Effect on trade:** Audiovisual projects are often cross-border, and incentives can influence production location, co-productions, and market access across the EU.

If any of these conditions is not met, state aid rules do not apply. If all are met, the aid must be notified to the European Commission (Article 108(3) TFEU),³⁹ unless it qualifies for an exemption, such as *de minimis* aid or the General Block Exemption Regulation (GBER).⁴⁰

³⁵ TFEU, [Consolidated version of the Treaty on the Functioning of the European Union](#), "Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market", *EUR-Lex*, 9 May 2008, Part 3, Title VIII, Chapter 1, Section 2, Article 107(1).

³⁶ CJEU, [Commission and Spain v. Government of Gibraltar and United Kingdom](#) [GC], Case C-106/09 P, *OJ C* 25, 28 January 2012.

³⁷ CJEU, [Commission v. Netherlands](#), Case C-279/08 P, 8 September 2011.

³⁸ CJEU, [Adria-Wien Pipeline et Wieterdorfer & Peggauer Zementwerke](#), *op. cit.*

³⁹ The European Economic Area (EEA) states can implement aid measures as specified in the EEA Agreement (Articles 61 to 64, plus 59 and 49), setting out the legal framework on state aid. [The EFTA surveillance authority \(ESA\)](#) monitors compliance with EEA rules in Iceland, Liechtenstein and Norway.

⁴⁰ [Commission Regulation \(EU\) No 651/2014](#) of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (consolidated version), *EUR-Lex*, 17 June 2014.

2.3.2. Compatibility assessment

If notification is required, the Commission assesses the aid for compliance with the internal market (Article 107(3)(d) TFEU), using its Communication on state aid for films and other audiovisual works (Cinema Communication)⁴¹ to ensure that the incentive supports cultural objectives without causing undue distortion of competition. Based on this review, the aid may be approved, conditioned, or deemed incompatible. Unlawful aid may be subject to recovery.⁴²

2.3.3. Notification thresholds and exemptions

Some aid is exempt from notification:

- **De minimis aid:** Up to EUR 300 000 per company over three years is not considered state aid and is exempt from notification.
- **General Block Exemption Regulation (GBER):** Allows EU member states and EEA EFTA states to grant small-scale or pre-defined compatible aid, including for audiovisual projects without prior notification if strict conditions are met.

2.3.3.1. De minimis aid

Article 3 of the *De Minimis Aid Regulation*⁴³ provides that aid which does not exceed a total of EUR 300 000 per single undertaking over any period of three years is not regarded as state aid under Article 107(1) TFEU. As a consequence, such aid is exempt from the notification requirement set out in Article 108(3) TFEU.

2.3.3.2. GBER key points

The General Block Exemption Regulation (GBER)⁴⁴ enables EU member states to grant certain types of state aid, including support for the audiovisual sector, without needing prior approval from the European Commission. This is permitted under Article 107(3)(d) TFEU, as long as the aid promotes culture or heritage conservation and does not unfairly distort competition or trade within the EU.

⁴¹ European Commission, [Communication from the Commission on state aid for films and other audiovisual works](#), op. cit.

⁴² Hermanns O., Radel-Cormann J., [State aid and the audiovisual sector](#), op. cit.

⁴³ The *de minimis* threshold was raised from EUR 200 000 to EUR 300 000 following the 2023 revision of the *De Minimis Aid Regulation*. The new EUR 300 000 threshold entered into force on 1 January 2024 under [Commission Regulation \(EU\) 2023/2831](#).

⁴⁴ [Commission Regulation \(EU\) No 651/2014](#) of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.



Under the GBER, member states are responsible for ensuring that their aid measures comply with EU rules through a self-assessment process established by the State Aid Modernisation (SAM) package in 2014.⁴⁵ This requires *ex-ante* controls before implementation. The GBER was updated in 2023 to support green and digital transitions and now requires that any individual aid exceeding EUR 100 000 be publicly disclosed in a transparency register. EEA countries (Iceland, Liechtenstein and Norway) can also use the GBER by submitting an information sheet⁴⁶ to the EFTA Surveillance Authority (ESA).⁴⁷ To benefit from the GBER exemption, audiovisual aid measures must meet both general and sector-specific requirements:

- **Caps:** Schemes must not exceed EUR 55 million/year.
- **Content:** Aid must not be tied to specific production segments or discriminate by nationality. It can cover scriptwriting, development, production or distribution. Film studios are ineligible.
- **Verification:** Projects must meet national cultural criteria.
- **Aid intensity:** Up to 50% of production and distribution costs (higher in certain cases); up to 100% for pre-production. Limits apply to local spending requirements.
- **Transparency:** Aid over EUR 100 000 must be published in a transparency register.
- Territorial spending
 - If a member state imposes territorial conditions, the maximum local expenditure must not exceed 80% of the production budget, with a cap of 50% for local production activity.
 - Member states can choose between two approaches: requiring up to 160% of the aid to be spent locally or calculating the aid as a percentage of local production activity (e.g., tax incentives).

These restrictions ensure territorial spending rules do not distort the internal market or create barriers to cross-border production.

2.3.4. Cinema Communication assessment

Aid not fulfilling GBER or *de minimis* criteria must be assessed under the Cinema Communication requirements. The EFTA Surveillance Authority (ESA) applies similar

⁴⁵ Ibid. See also, European Commission, [State aid: Commission adopts new rules facilitating public support for research, development and innovation](#), press release, 21 May 2014.

⁴⁶ Template, Information communicated by the EFTA States regarding State aid granted under the Act referred to in point 1j of Annex XV of the EEA Agreement ([Commission Regulation \(EU\) No 651/2014](#) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty).

⁴⁷ The EFTA surveillance authority (ESA) monitors compliance with European Economic Area rules in Iceland, Liechtenstein and Norway.



principles through its 2014 Film and Audiovisual Guidelines.⁴⁸ The Commission's assessment under the Cinema Communication follows this process:

- Compliance with TFEU principles.
- Aid activities (must span the full audiovisual value chain).
- Confirmation of cultural value.
- Aid intensity: Maximum of 50% of the production budget (60% for cross-border co-productions). Exceptions apply for difficult audiovisual works and co-productions with certain developed countries. Films originally produced in an official language of a member state with a small territory, population or language area may also qualify as difficult works.
- Transparency: Aid details must be made publicly available for at least 10 years.⁴⁹
- Optional criteria: Promotion of cultural heritage preservation.⁵⁰

2.3.5. Complaint mechanism

For aid measures not covered by *de minimis* or GBER exemptions, member states must notify the European Commission. If aid is granted without notification, the Commission may initiate an investigation on its own initiative (Article 12(1) of the Procedural Regulation for state aid) or in response to a complaint from an “interested party” (e.g., competitors, beneficiaries, trade associations).⁵¹ In practice, a production company can submit a complaint regarding alleged misuse of aid. If the Commission determines the aid is incompatible with the internal market, it can require the recovery of the aid, plus interest, from recipients (Article 9, Regulation No. 797/2004).⁵²

2.3.6. Main trends in notified state aid to the audiovisual sector

The following analysis covers only fiscal incentives and rebates formally notified to the European Commission, excluding those exempted under the *de minimis* rule (aid below EUR 300 000) and the GBER (aid promoting culture and heritage). As such, many national

⁴⁸ ESA-EFTA Surveillance Authority, [ESA 2014 Film and Audiovisual Guidelines](#), 16 July 2014.

⁴⁹ European Commission, [Communication from the Commission on state aid for films and other audiovisual works](#), op. cit., Section 5.

⁵⁰ Ibid.

⁵¹ EU, [Council Regulation \(EU\) 2015/1589](#) of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (codification), OJ L 248.

⁵² EU, [Commission Regulation \(EC\) No 794/2004](#) of 21 April 2004 implementing Council Regulation (EU) 2015/1589 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union.



fiscal incentives and rebates are outside the scope of this review. Nevertheless, the notified decisions offer valuable insights into broader trends shaping the audiovisual sector.

The dataset is based on Annex 1 to this report, which compiles 264 Commission decisions on state aid to the audiovisual sector, focusing on fiscal incentives and rebates from July 1992 to September 2024. Even without exempted aid, this collection highlights key patterns in how member states structure and implement support for the industry. Several notable trends emerge.⁵³

2.3.6.1. Direct aid dominance (1992–mid-2000s)

Until the mid-2000s, direct subsidies (including film funds, selective grants and automatic support schemes) were the main form of support for audiovisual production in Europe. Fiscal incentives were rare and played a marginal role. The first state aid notifications for fiscal incentives appeared only in Ireland in 1999 (Irish Section 481 film tax relief scheme), followed in 2004 by the Belgian tax shelter, and later by France's video game tax credit, the UK's film tax incentive, and Malta's support programme in 2006–2007. This timeline demonstrates that fiscal incentives entered EU state aid practice fairly late, initially serving as innovative but supplementary tools.

2.3.6.2. Experimentation and policy diffusion (2007–2013)

Between 2007 and 2013, the amount of notified tax-related aid increased steadily, though direct aid remained prevalent. Several member states, most notably France, Belgium, the United Kingdom, Italy, Malta and Lithuania, played a pioneering role in introducing fiscal incentives, primarily through tax shelters and tax credits for domestic film production. Around 2012 – 2013, targeted incentives began to appear for formats such as high-end TV, animation, and video games, marking the sector's first step towards more industry-oriented policies in addition to traditional cultural objectives.

2.3.6.3. Structural turning point (2014 onward)

From 2014, notifications of fiscal incentive schemes rose sharply, signalling a decisive shift towards fiscal instruments for audiovisual support. New adopters like Spain, the Netherlands, and Croatia launched dedicated tax schemes. Aid mechanisms also expanded from film-only support to include broader audiovisual works and new categories, such as foreign-production tax credits and regional incentives (e.g., Basque Country). This period marks the mainstreaming of fiscal incentives, while the relative share of direct aid began to stabilize or decline.

⁵³ The complete European Commission DG Competition table updated up to 19/09/2024 can be found [here](#).



2.3.6.4. Policy consolidation phase (2017–2020)

From 2017 onward, the policy environment matured, characterized by the refinement and extension of existing fiscal incentive schemes. The scope broadened to support additional segments such as video games, high-end TV, animation and digital cinema. Notable examples include Italy's differentiated internal tax credits (for instance, separate schemes for film and audiovisual works), the UK's expanded format-specific relief, and Belgium's extension of its tax shelter to video games. Member states increasingly used fiscal incentives strategically to combine cultural support, industrial competitiveness, and territorial attractiveness, especially for location shooting.

2.3.6.5. Increased use of tax incentives (2020–2024)

Recently, notified state aid measures have been largely tax-based, comprising scheme prolongations, COVID-19-related extensions, increased rebate rates, and expanded eligibility. France, Italy, Spain, Belgium and Ireland have been particularly active in adjusting and refining their fiscal frameworks. More works qualify for aid, encompassing cinema, TV, video games, live performance capture and foreign productions. Schemes between 2022 and 2024 were often designed to attract inward investment, support international co-productions and extend aid to music and live audiovisual content, reflecting a further diversification of policy aims and beneficiaries.

2.3.6.6. Concluding remarks

The evolution of notified state aid measures in the European audiovisual sector reveals a profound transformation in policy approach over the past three decades. Initially anchored in direct subsidies, member states have increasingly turned to fiscal incentives as a core instrument for supporting audiovisual production. This transition has occurred in distinct phases: from marginal and experimental use to competitive adoption, through to the current paradigm, where fiscal incentives and cash rebates now play a far more prominent role than direct grants in the landscape of public support.

The mainstreaming of fiscal incentives post-2014 signifies more than just a change in delivery method; it reflects the sector's adaptation to global competition, the need to attract inward investment, and the desire to support format diversification in an increasingly digital and transnational industry. The expansion of targeted incentives for newer formats—such as high-end TV, video games, and live performance capture—testifies to policymakers' responsiveness to shifting industry dynamics and audience preferences.

As aid frameworks have grown more sophisticated, member states now deploy fiscal incentives with multiple, intertwined objectives. These include promoting cultural and linguistic diversity, boosting industrial competitiveness and enhancing territorial appeal by stimulating location-based production. The recent proliferation of schemes designed to support international co-productions and foreign investment further illustrates the



strategic role played by fiscal incentives in integrating European production into global creative value chains.

Looking ahead, the growing emphasis on fiscal incentives raises important questions about effectiveness, equity and policy coherence. While competition for mobile productions can drive innovation and investment, it may also encourage a “race to the top” in terms of generosity, potentially disadvantaging less well-resourced countries and leading to regional imbalances. Policymakers—both at national and EU levels—will need to balance these risks with the substantial benefits that fiscal incentives provide, ensuring that support remains compatible with cultural objectives and EU state aid rules.

In summary, the shift towards tax-based state aid in the audiovisual sector has reshaped the landscape of European support mechanisms, making fiscal incentives not merely complementary but central to public policy. This evolution underscores the sector’s dynamic adaptation and the ongoing challenge, for regulators, of fostering cultural vibrancy and economic competitiveness in a rapidly changing environment.



3. Types of fiscal incentives

In the audiovisual sector, the legal form of an incentive – for example, a tax credit, a cash rebate or an investor-based tax shelter – does not always, by itself, explain how the scheme functions in the financing of a production. From the producer’s perspective, the crucial questions are how the benefit is delivered, at what stage it becomes available and whether it can be integrated into the financing plan.

This distinction matters because audiovisual works are financed and produced before revenues are generated through exploitation or distribution. Production companies must therefore assemble financing up front to cover development, shooting and post-production costs.⁵⁴ In that context, the practical significance of an incentive lies not only in its legal classification, but in whether it provides a predictable and usable contribution linked to qualifying expenditure. Even where a rebate or tax credit is formally paid only after expenditure has been incurred and verified, it may still play a financing role if it can be certified and cash-flowed during the production cycle.⁵⁵

For that reason, this chapter approaches fiscal incentives and cash rebates primarily through their delivery mechanism and their financing effect in practice. It focuses on expenditure-based schemes – which means incentives linked to qualifying audiovisual expenditure that can operate as part of the production-financing structure. By contrast, broader tax exemptions that merely reduce a specific tax burden, without functioning as an expenditure-based financing tool, fall outside the main scope of this analysis.

3.1. Types of incentives

3.1.1. Tax credits

Tax credits grant value through the tax system by calculating a credit as a percentage of qualifying production expenditure. In their simplest form, tax credits reduce the corporate tax liability of the beneficiary. In practice, however, tax credits can take several forms. Some are non-refundable and may only be used to offset taxes actually due. Others are refundable, which means that if the credit exceeds the beneficiary’s tax liability, the excess is paid out in cash.⁵⁶ There are also transferable or otherwise monetisable credits, which

⁵⁴ See Olsberg•SPI, [Best Practice in Screen Sector Development \(2024\)](#), on the role of the production company as applicant under many incentive schemes.

⁵⁵ Joliveau-Breney E., [Fiction film financing in Europe – 2023 Edition](#), European Audiovisual Observatory, Strasbourg, 2026, p. 156.

⁵⁶ Hermanns O., Radel-Cormann J., [State aid and the audiovisual sector](#), op. cit.



allow productions with limited tax liability to convert the benefit into immediate liquidity, often by selling the credit to a third party.⁵⁷

This distinction is particularly important in the screen sector, where production companies typically incur expenditure long before generating any taxable profits. As a result, a refundable tax credit functions more as a form of production financing than as a conventional tax deduction. Ireland's Section 481 Film Corporation Tax Credit, the first fiscal incentive scheme notified to the European Commission in 1999 and modified several times since then,⁵⁸ illustrates this model: the standard rate amounts to 32% of qualifying expenditure, while an enhanced 40% rate applies to lower-budget feature films and animated feature films certified under the 2025 "Scéal uplift" rules.⁵⁹ In both cases, the credit is designed to support production financing, rather than to reward profitability post hoc.

Transferable credits address a different issue: they allow productions with limited or no tax liability to realise the value of the incentive by selling or allocating the credit to taxpaying third parties. While this mechanism can improve access to finance, it may also reduce the net benefit to producers, as intermediaries, such as brokers, financiers or tax-equity investors, charge fees or apply pricing discounts. Empirical evidence from the United States shows that such intermediation costs can be significant, underscoring that headline credit rates⁶⁰ do not necessarily reflect the effective value for producers, which is frequently estimated at between 20 and 30%.⁶¹

Some recent tax-credit schemes are institutionally hybrid. In the United Kingdom, for example, the Audio-Visual Expenditure Credit (AVEC) is claimed through the corporation tax system, but access depends on cultural certification by the British Film Institute (BFI).⁶² The enhanced 53% independent-film rate also depends on a specific low-budget certificate issued by the BFI under a separate eligibility test.⁶³ Thus, the tax authority delivers the financial benefit, while a dedicated sector body manages cultural and policy eligibility.

⁵⁷ Olsberg•SPI, *Global Film and Television Production Incentives – White Paper (November 2024)*, section 2.2 (Tax credits).

⁵⁸ Revenue, Irish tax and customs, *Film Relief (Section 481 Film Tax Credit) - Enhanced credit for lower budget film*, published on 15 January 2026.

⁵⁹ An uplift is an additional increase in an incentive rate granted when a production meets specific extra criteria, such as qualifying VFX expenditure, regional expenditure, sustainability or diversity-related conditions.

⁶⁰ The headline rate is the nominal percentage rate of an incentive, before taking into account eligibility limits, caps, exclusions or other rules that may reduce its effective value.

⁶¹ Button P., *Do Tax Incentives Affect Business Location and Economic Development? Evidence from State Film Incentives*, NBER Working Paper No. 25963, June 2019.

⁶² See Chapter 4 for more details.

⁶³ Gov. UK, *Claiming Audio-Visual Expenditure Credits for Corporation Tax*, updated on 2 February 2026; and *Creative Industries Expenditure Credit Manual*, 'CREC021110 - Qualifying productions: independent films: introduction', HM Revenue & Customs (HMRC), updated on 9 April 2026.



3.1.2. Cash rebates

Cash rebates provide support through a direct payment calculated as a percentage of qualifying expenditure. Unlike tax credits, their value is not conceptually tied to the beneficiary's tax position. From the producer's point of view, cash rebates are often easier to understand because the support is framed directly as a return on eligible local spend. In most systems, however, rebates are only paid after the expenditure has been incurred, verified and certified. As a result, rebates remain post-financed instruments and still create bridge-financing needs during production.⁶⁴

The Czech incentive programme exemplifies this mechanism. Administered by the Czech Audiovisual Fund, it provides a cash rebate directly to applicants after production has been completed in the Czech Republic. The programme currently offers a refund of 25% to 35% of eligible costs, with foreign productions required to access the scheme through a Czech service production company.⁶⁵ This illustrates the central economic logic of rebates: they are designed to attract activity and expenditure to the territory, but they do so through a reimbursement mechanism rather than through an up-front grant.

Because rebates are typically paid after an audit, their real attractiveness depends not only on the nominal rate but also on the timing and reliability of payment. A 25% rebate paid out quickly and with certainty may be more valuable in financing terms than a formally more generous scheme that is subject to lengthy certification processes or payment delays.

3.1.3. Tax shelters

Tax shelters operate differently from other support models. In a tax-shelter model, the principal fiscal benefit is granted to an external investor rather than directly to the production company. The production benefits indirectly because the investor's tax advantage incentivises them to provide financing to the project. In economic terms, tax shelters still support production expenditure, but they do so by mobilising private capital through the tax system, rather than by granting a direct percentage return on expenditure to the producer.⁶⁶

Belgium's Tax Shelter is a clear European example of this investor-based architecture. The system is open to both Belgian productions and qualifying international co-productions. In this model, the investor must be a resident company or the Belgian establishment of a non-resident company, other than an eligible production company or broadcasters. The eligible production company, for its part, must be officially approved and have as its main purpose the development and production of audiovisual works.⁶⁷ The

⁶⁴ European Commission, [Communication from the Commission on state aid for films and other audiovisual works](#), op. cit.

⁶⁵ Czech Film Commission, [Production Incentives](#).

⁶⁶ Belgian Federal Public Service Finance, [Belgian Tax Shelter 2024 - 2024 Audiovisual Works](#), 2024.

⁶⁷ Ibid., sections "The works" and "The actors".

essential feature of this scheme is its triangular benefit structure: the investor receives a tax relief, the production receives financing and the state controls the mechanism through certification and timing rules.

From an analytical perspective, tax shelters cannot be treated in exactly the same way as producer-facing tax credits or cash rebates. The liquidity is provided through an investment contract and depends on the confidence of private investors in the legal and certification framework.

3.1.4. Difference between fiscal incentives and general tax rebates or tax exemptions

The term “rebate” is sometimes used loosely in public debate, which can create confusion. In the specific context of this report, a fiscal incentive refers to an instrument that provides a return based on qualifying audiovisual expenditure and is intended to support the financing of a production. By contrast, a general tax rebate or exemption usually reduces a specific tax burden but is not structured as an expenditure-based contribution to production financing. Typical examples are exemptions from VAT, sales taxes, customs duties or accommodation taxes.⁶⁸

While such measures may reduce overall production costs and may, in some jurisdictions, complement the main expenditure-based support schemes for production, they differ from those schemes in three essential ways. First, they are tied to a specific tax type rather than to the overall eligible production budget. Second, their benefit usually depends on the existence of the corresponding tax liability or transaction. Third, they are generally not recognised by producers or lenders as a core receivable within production financing plans.

For these reasons, this report does not address general tax rebates or exemptions as primary fiscal incentives, although they may form part of a broader attractiveness package, linked to a location, for producers.

3.1.5. Administrative control and responsible authorities

Fiscal incentives and cash rebates for audiovisual production are not administered uniformly across jurisdictions. In some countries, tax authorities oversee the entire process. In others, cultural agencies, film funds or specialised public bodies perform the eligibility assessment, while tax administrations are responsible for the fiscal settlement. There are

⁶⁸ Olsberg•SPI, *Global Film and Television Production Incentives – White Paper (November 2024)*, op. cit.; Button, P., *Do Tax Incentives Affect Business Location and Economic Development? Evidence from State Film Incentives*, op. cit.



other models under which the entire process is managed by a dedicated sector body administering a stand-alone incentive fund.⁶⁹

This institutional structure is much more than a technical detail. It determines key aspects of the incentive's operation: who assesses cultural eligibility, who verifies expenditure, how efficiently applications are processed and where legal responsibility ultimately lies. Ireland's Section 481 provides a good illustration of a split model: producer companies must obtain a cultural certificate from the Minister for Culture, Communications and Sport before production, while the tax-credit claim is submitted through the Revenue authorities.⁷⁰ The United Kingdom follows a similar approach, with the BFI responsible for certification and HMRC for processing the tax credit claim.⁷¹

Administrative design also has a direct impact on a country's competitiveness. The BFI currently advises applicants to allow six to eight weeks between submitting a certification application and the issuing of a certificate.⁷² In a production-finance environment where incentives are an essential part of the budget, such processing times can influence production schedules, increase bridge-finance costs and affect legal certainty for producers.

3.1.6. Examples of how incentive models operate

Taken together, Belgium, Ireland and the Czech Republic demonstrate the value of a simple taxonomy for audiovisual fiscal incentives.

Belgium exemplifies a tax-shelter model, in which the fiscal benefit is granted to external investors. The production company receives financing indirectly through a regulated investment structure designed to attract private capital.⁷³

Ireland offers an example of the refundable tax-credit model. The beneficiary is the producer company, with the incentive calculated through the tax system. Ireland's enhanced rate for lower-budget productions also demonstrates how governments can tailor incentives to support specific policy goals.⁷⁴

The Czech Republic showcases the cash-rebate model. In this system, support is paid out directly by the audiovisual fund after eligible expenditure has been incurred and audited. Foreign projects must be executed through a locally established service company in order for access to the incentive to be granted.⁷⁵

⁶⁹ Hermanns O., Radel-Cormann J., *State aid and the audiovisual sector*, op. cit.

⁷⁰ Revenue, *Film Relief (Section 481 Film Tax Credit) - Enhanced credit for lower budget film*, op. cit.

⁷¹ GOV.UK, *Claiming Audio-Visual Expenditure Credits for Corporation Tax*, HMRC, 2 February 2026.

⁷² British Film Institute (BFI), *Apply for British certification and expenditure credits*, notice regarding turnaround times.

⁷³ Belgian Federal Public Service Finance, *Belgian Tax Shelter 2024 - Audiovisual Works*, 2024.

⁷⁴ Revenue, *Film Relief (Section 481 Film Tax Credit) - Enhanced credit for lower budget film*, op. cit.

⁷⁵ Czech Film Commission, *Production Incentives*.



Together, these three examples highlight the importance of precise classification in understanding how different incentive mechanisms operate and whom they ultimately benefit. They also highlight why legal labels should be treated with caution. For producers, what matters most is the path from expenditure to liquidity, the allocation of compliance obligations and the certainty with which the incentive can be integrated into the financing plan.

3.2. Design and implementation: practical aspects

Fiscal incentives and cash rebates are often described as “automatic”, but in practice their operation depends on a dense set of legal and administrative design choices. The same headline rate can produce very different outcomes depending on who is eligible to apply, which costs qualify, when the payment arrives, whether the scheme is capped, and how strict the verification process is.

3.2.1. Eligibility criteria

Eligibility criteria determine which works, expenditure and policy objectives are supported by fiscal incentive schemes. At a minimum, these criteria usually address four key questions:

- **Eligible content:** what kind of works qualify (e.g., feature films, animation, low-budget films.)?
- **Cultural test:** what cultural test or certification must a project pass?
- **Local expenditure:** how much local spending is required to access the incentive?
- **Eligible costs:** which categories of expenditures are included in the calculation?⁷⁶

Within the European Economic Area, both the cultural-verification requirement and the limits on territorial expenditures are governed by the European Commission’s Cinema Communication, as discussed in Chapter 2.⁷⁷

In practice, eligibility criteria vary significantly. Some schemes are open to a range of formats, including films, television series, documentaries and animation, while others exclude certain formats or target specific segments of the value chain, such as post-production or distribution. The Czech programme, for example, supports films intended for cinema release and certain television productions, subject to a cultural test and minimum expenditure thresholds.⁷⁸ By contrast, Italy’s tax-credit framework is broader and extends beyond production to support national theatrical distribution and the international

⁷⁶ European Commission, [Communication on State aid for films and other audiovisual works](#), op. cit.

⁷⁷ See Chapter 2 of this report.

⁷⁸ Czech Film Commission, [Production Incentives](#).



distribution of Italian films – works intended for TV and VOD exploitation (“*opere web*” in the terminology used by the Italian Directorate-General for Cinema and Audiovisual) – showing how fiscal incentives can be used to promote both production and distribution.⁷⁹

Eligibility rules are also increasingly used to steer industry behaviour and pursue broader policy objectives. Portugal provides a clear example: in 2024, environmental sustainability criteria were introduced into the rules governing both the PIC Portugal Cash Rebate Incentive and the PIC Portugal Cash Refund Incentive, and compliance with these criteria can improve a project’s score in the evaluation process. This shows how incentive design may be used not only to attract production expenditure, but also to encourage more sustainable production practices.⁸⁰

The same trend is also reflected in differentiated support for specific formats or creative priorities. For instance, Ireland’s enhanced 40% tax credit for lower-budget films is limited to feature films and animated feature films and requires a key creative role to be performed by an EEA national or ordinarily resident individual.⁸¹ This is not only a financing rule; it is also a way of targeting the incentive towards a certain type of culturally anchored production.

3.2.2. Beneficiaries and applicants

Rules on beneficiaries and applicants are among the most consequential design features of any audiovisual fiscal incentive. They do more than identify who files the application. In practice, they determine who carries the legal claim to the incentive, who must document eligible expenditure, who bears the audit and compliance burden, and where part of the financing risk sits during the production cycle. For this reason, applicant design is one of the clearest indicators of what a scheme is actually intended to do.

A useful starting point is the policy orientation of the scheme. Broadly speaking, audiovisual incentives tend to follow two main logics. Some are primarily aimed at domestic production and co-production: their purpose is to strengthen the local production base, support producers who originate and structure projects, and sustain culturally relevant works. Others are primarily aimed at inward investment: their purpose is to attract internationally mobile production expenditure, generate work for local crews and service providers, and reinforce the use of local facilities and infrastructure. This distinction is reflected in the European policy framework itself, which expressly acknowledges the growing use of aid schemes to attract major foreign productions and the competition this can generate between territories.⁸²

In domestic-oriented schemes, the beneficiary is typically the original producer or co-producer of the work, usually a company established in, or closely linked to, the

⁷⁹ Direzione Generale Cinema e Audiovisivo (Italy), [Introduzione - Tax credit](#) (in Italian).

⁸⁰ Portugal Film Commission, [Session on the sustainability criteria in PIC Portugal incentives](#), 22 April 2024.

⁸¹ Revenue, [Film Relief \(Section 481 Film Tax Credit\) - Enhanced credit for lower budget films](#), op. cit.

⁸² European Commission, [Communication from the Commission on audiovisual works](#), op. cit.



jurisdiction granting the incentive. In inward-investment schemes, by contrast, the beneficiary is often a locally established production-services company, executive producer or other service-production entity acting on behalf of a foreign project. The rationale is straightforward: where the public objective is to attract outside expenditure, the authority needs an applicant capable of anchoring contracts, local spend, tax presence and auditability in the territory, even if the long-term exploitation of the work remains elsewhere. This logic is visible, for example, in the Czech scheme, which requires the applicant to be a tax resident in the Czech Republic with a place of business or permanent establishment there.⁸³

Some schemes make this distinction even more explicit by accommodating both policy logics within the same instrument. Poland's cash-rebate scheme is available both for Polish and international co-productions and for services provided for foreign productions, while requiring a Polish partner or a company registered in Poland to apply. In other words, the same general incentive can support domestically anchored production and inward service work, but the applicant rule ensures that the expenditure, documentation and legal responsibility remain tied to the territory.⁸⁴

A second layer of design concerns the legal and economic profile of the applicant. Some schemes are relatively open to taxable companies established in the territory. Others go further and use eligibility rules to preserve a space for independent production, by imposing conditions relating to independence, ownership structure or the retention of intellectual property rights. Italy is a particularly clear example. Under the current production tax-credit decree, eligibility is in principle reserved for independent original producers (*produttori indipendenti originari*), and applicants must also satisfy conditions relating to their establishment and tax status within the EEA.⁸⁵ More broadly, the Italian rules show that access to an incentive may depend not only on producing a qualifying work, but also on the legal and economic profile of the producer and on the way rights are allocated in relationships with broadcasters or audiovisual media service providers.⁸⁶

Taken together, these examples show that beneficiary and applicant rules should not be treated as secondary technical details.

3.2.3. Process and administration

Although the legal details vary, the operational sequence of most incentives is broadly similar. First, the applicant checks eligibility and, where required, seeks cultural certification or preliminary approval. Second, production takes place, and qualifying

⁸³ Czech Film Commission, *Production Incentives*.

⁸⁴ Polish Film Institute, *Polish cash rebate guidelines*, 2019, p. 5.

⁸⁵ Ministero della cultura, *Disposizioni applicative in materia di credito di imposta per le imprese di produzione cinematografica e audiovisiva di cui all'articolo 15 della legge 14 novembre 2016, n. 220* [Implementing provisions on tax credit for film and audiovisual production companies pursuant to Article 15 of Law No. 220 of 14 November 2016], Decreto interministeriale 10 luglio 2024, n. 225, Article 2.

⁸⁶ Ibid.



expenditure is incurred and documented. Third, an audit or equivalent verification is carried out. Fourth, the claim is finalised, and the support is paid, credited or otherwise monetised.⁸⁷

Several systems make this sequence explicit. Italy states that, for national productions and executive production of foreign works, recognition of the tax credit takes place in two phases: a preliminary request at the start of production and a definitive request after completion and expenditure.⁸⁸ Belgium's Tax Shelter also relies on a staged process involving a framework agreement, strict windows for eligible expenditure and the later delivery of the Tax Shelter certificate.⁸⁹

This sequencing matters because it explains why incentives often create a financing gap even when they are generous on paper. Expenditure comes first; support comes later. The more predictable the administrative sequence, the easier it is for producers to discount the expected value into a financing plan. The more uncertain the sequence, the more expensive the bridge finance becomes.

3.2.4. Financial parameters

Headline rates are only one aspect of fiscal incentives. The effective value of an incentive depends just as much on factors such as the eligible cost base, expenditure thresholds, individual project caps, annual funding envelopes, timing of payments and possible monetisation obstacles.⁹⁰

The eligible cost base determines which parts of the value chain are actually supported. Some schemes mainly reward local labour costs, while others include a broader range of local goods, services and technical costs. A number of frameworks also extend the incentive principle beyond production itself to promote distribution and market access. For example, Italy offers a 30% tax credit – capped at EUR 1 million per work – for the international distribution of Italian films, audiovisual works and digital productions.⁹¹ This shows that fiscal incentives can be aimed at market access and circulation, not only at shooting and post-production.

Headline rates are also frequently differentiated by policy objective. For example, Portugal's PIC Portugal scheme adjusts support levels based on the type of incentive and the characteristics of the project. Under the 2025 Cash Rebate, the support rate is 25% but it may rise to 30% depending on a project's score in the cultural test. This illustrates that rates are not used only to reward expenditure, but also to steer the kinds of projects and policy outcomes a territory aims to promote.⁹² Project caps and annual budget envelopes are equally important. A scheme may appear generous in percentage terms but still be

⁸⁷ Hermanns O., Radel-Cormann J., *State aid and the audiovisual sector*, op. cit.

⁸⁸ Direzione Generale Cinema e Audiovisivo (Italy), *Introduzione - Tax credit* (in Italian).

⁸⁹ Belgian Federal Public Service Finance, *Belgian Tax Shelter 2024 - Audiovisual Works*, 2024.

⁹⁰ Olsberg•SPI, *Global Film and Television Production Incentives*, op. cit.

⁹¹ Direzione Generale Cinema e Audiovisivo (Italy), *Introduzione - Tax credit* (in Italian).

⁹² See Portugal Film Commission, *PIC Portugal - Cash Rebate Incentive*.

limited by a per-project cap, an annual funding budget or a narrow expenditure base. Such limits not only shape fiscal exposure for the state, but also the kind of productions that a territory is effectively targeting and able to attract.

Finally, the timing of payment can be decisive. Delayed payments, tax credits that are only usable after the end of an accounting period, or certification processes that take too long can all reduce the real value of an incentive. For this reason, the effective value of an incentive should be understood not only by reference to its statutory rate, but also in light of the financing conditions under which it is accessed and monetised.

3.2.5. Safeguards and anti-abuse

As incentives are often automatic or quasi-automatic once objective criteria are met, robust safeguards are central to maintaining credibility. The most common tools include cultural certification, audited cost statements, detailed eligibility rules, beneficial-ownership checks, transparency obligations and clawback mechanisms in cases of non-compliance.⁹³

Belgium's Tax Shelter is a good illustration of how safeguards sustain market confidence. The official guidelines emphasise the role of approved production companies, eligible intermediaries and the Tax Shelter certificate, while also requiring the production company to follow strict timing rules in order to preserve the tax benefit for investors.⁹⁴ In such a model, safeguards don't merely protect public money; they also secure investor trust, which is essential to the scheme's integrity and effectiveness.

Transparency also plays a crucial role in safeguarding these schemes. For example, Revenue in Ireland publishes beneficiary information for Section 481 in accordance with the EU state-aid transparency framework.⁹⁵ More broadly, the publication of beneficiary data and scheme rules helps make incentives evaluable and reduces the risk of their becoming opaque forms of discretionary support hidden inside the tax system.

3.2.6. User journey and examples

From the producer's perspective, the practical question is always the same: how does the incentive move from legal entitlement to usable cash or tax value? In most schemes, the journey follows five main stages:

- **Eligibility and cultural test:** confirm that the work, the applicant and the expenditure base qualify.

⁹³ Hermanns O., Radel-Cormann J., *State aid and the audiovisual sector*, op. cit.

⁹⁴ Belgian Federal Public Service Finance, *Belgian Tax Shelter 2024 - Audiovisual Works*, 2024.

⁹⁵ Revenue, Irish Tax and Customs, *Beneficiaries of Film Relief*, published on 15 January 2026.



- **Application / provisional approval:** file the request before or at the start of production where required.
- **Production and spend tracking:** incur and document eligible expenditure in the territory.
- **Audit / final certification:** submit audited accounts and final documentation.
- **Payment, tax offset or monetisation:** receive a cash payment, use the credit against tax, or monetise it through the relevant mechanism.

In Ireland, the producer company must secure the cultural certificate before production and then complete the tax-credit claim through Revenue, including the additional declaration where the enhanced lower-budget rate is claimed.⁹⁶ In the Czech Republic, the applicant must proceed through a local service production company, incur the spend and wait for the post-production audit before the rebate is paid.⁹⁷ In Belgium, the production company works within an investor-based structure in which the value of the scheme depends on the later delivery of the Tax Shelter certificate and compliance with the statutory timetable.⁹⁸

These examples show that the user journey is not uniform across schemes even when the policy goal is similar. A producer-facing credit, a service-production rebate and an investor-based shelter may all support audiovisual activity, but they allocate legal responsibility, liquidity risk and control over the financing process in very different ways.

⁹⁶ Ibid., Article 481.

⁹⁷ Czech Film Commission, [Production Incentives](#).

⁹⁸ Belgian Federal Public Service Finance, [Belgian Tax Shelter 2024 - Audiovisual Works](#), op. cit.

4. Comparative national approaches

This section explores a selection of diverse fiscal incentive and cash rebate models that countries around the world have developed to support audiovisual production. Via examples, the section highlights how different national governments have structured and implemented film and television incentive schemes, illustrating a wide range of administrative approaches, eligibility requirements, and funding mechanisms.

While the focus of this report is primarily on European incentive systems, this chapter provides a broader perspective, by highlighting practices from internationally competitive jurisdictions. Canada is notable for its comprehensive framework of tax credits and fiscal incentives at both federal and provincial levels. The USA employs a distinctive decentralised approach, under which incentives vary state by state. Thailand has established a competitive cash rebate that draws foreign productions and fosters growth in the local economy. Within Europe, the United Kingdom stands out as an attractive destination for both independent and large-scale productions, supported by a consolidated incentive regime; Hungary exemplifies how fiscal incentives can help develop a regional production hub; and Spain offers one of the most generous incentive schemes on the continent, with national and regional measures working together to boost production activity.

By examining both European and global models, this comparative overview sheds light on the practical outcomes, unique innovations, and challenges encountered in different contexts. The aim is to present a clear framework for comparing how fiscal and other financial incentives operate across borders, and to identify emerging trends and best practices in fostering a thriving and sustainable screen sector.

4.1. Selected national approaches

4.1.1. Hungary

Hungary has established itself as a leading destination in Central and Eastern Europe for audiovisual production, thanks to its skilled professionals, advanced infrastructure, and, most notably, a robust fiscal incentive system. Inspired by successful international models, these incentives are designed to attract foreign investment, stimulate domestic industry growth, and enhance Hungary's position in the global screen sector. Central to this strategy is a competitive cash rebate scheme, which is part of a broader film support programme approved by the European Commission.⁹⁹ First introduced two decades ago, this cash rebate

⁹⁹ State Aid SA.111638 (2024/N) – Hungary – Prolongation and modification of State aid SA.50768 (2018/N), European Commission, [C\(2024\) 6973](#), Brussels, final on 3.10.2024.

scheme was recently extended by the Commission until 2030 and continues to secure Hungary's position as a popular hub for both international and domestic productions.

Hungary's incentive scheme provides a 30% cash rebate on all direct film production costs incurred in the country for films made for cinema or television. This incentive applies to both domestic and international projects and covers various formats, including feature films, series, documentaries, and animations. A distinctive feature is that the 30% rebate can be effectively extended up to 37.5% of eligible production expenses, by including non-Hungarian (foreign) costs, which may be counted towards the rebate up to a cap of 25% of the base (rebateable) spend.

The system operates as an indirect tax support scheme facilitated through Hungarian-registered business companies that support film production and receive tax relief for doing so. Financial support is guaranteed by the Hungarian state and is managed through the "Collection Account" operated by the National Film Institute Hungary (NFI). The rebate is dispensed as a cash refund after auditing of eligible expenses (post-financing).¹⁰⁰ Over the years, modifications have included increasing the headline rebate rate to 30% and introducing the centralized Collection Account, further enhancing transparency and predictability for producers.

The Hungarian government continues to improve the system, focusing on predictability and budget sustainability.¹⁰¹ According to a Government decree published on 23 December 2025, from 2026 the annual Film Incentive funding available through the Collection Account will be capped at HUF 70 billion (ca. EUR 180 million). For new registrations in the first half of 2026, a provisional cap of HUF 140 billion (ca. EUR 360 million) will apply, with anticipated revisions for the second half of the year. Additionally, principal photography must commence within six months of receiving registration approval, or the National Film Office may amend or revoke support. These measures, coupled with long-term EU approval (valid through 2030), are designed to provide both industry and the Hungarian state with a predictable, manageable framework and continued growth for Hungary as a production hub.

The scheme's streamlined administration, clear rules, and broad coverage of eligible costs have attracted a growing slate of high-profile international projects, such as *Blade Runner 2049*, *Dune*, and *The Witcher*, and have made Hungary's model highly competitive. Its longevity and ongoing refinement have played a fundamental role in supporting industry growth. The impact has been tangible: in 2022, Hungary's film and television production expenditure reached a record of HUF 250 billion (ca. EUR 688 million), according to the NFI.¹⁰² This record spending underscores the effectiveness of Hungary's film incentive

¹⁰⁰ National Film Institute Hungary, [Hungarian Film Incentive](#), (consulted on 27 April 2026).

¹⁰¹ *Nemzeti Jogszabálytár* (National Legislative Database), [431/2025. \(XII. 23.\)](#) (in Hungarian) *Korm. Rendelet a filmalkotások közvetett támogatásának céljából fenntartott letéti számlán gyűjthető összeg mértékéről szóló 439/2016. (XII. 16.) Korm. rendelet módosításáról* (Government Decree No. 431/2025 (December 23) Amending Government Decree No. 439/2016 (December 16) on the amount that may be collected in the escrow account maintained for the purpose of indirect support for cinematographic works). See also, Radnai K, [Hungarian film rebate: Annual caps for new registrations and the collection account have been announced](#), Andersen Global, 29 December 2025.

¹⁰² Öry M., [Record Revenue in the Hungarian Film Industry](#), *Hungary Today*, 1 February 2023.



system, which continues not only to attract blockbuster productions and global series but also to support the sustained growth and modernisation of the domestic industry.

4.1.2. Spain

Spain has rapidly become one of Europe's preferred destinations for film and television production, thanks to its wide variety of filming locations, extensive creative infrastructure and highly competitive and accessible fiscal incentives. Over the past decade, Spanish authorities have consistently refined and enhanced incentive schemes to attract major international productions and foster local industry growth. These incentives, coupled with streamlined procedures and strong institutional support, position Spain as a highly attractive and reliable hub for high production value and fiscal efficiency.¹⁰³

Spain's fiscal incentive system for audiovisual productions is among the most competitive in Europe, based on a specialised tax deduction regime validated at both national and EU levels. The main national incentive, regulated by Articles 36.1 and 36.2 of the Spanish Corporate Income Tax Law (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*),¹⁰⁴ offers for national productions, deductions of 30% for the first EUR 1 million of expenses and 25% thereafter, calculated on production costs, copy acquisition and advertising or promotion up to 40% of cost. To qualify, productions must obtain nationality and cultural certificates from the Institute of Cinematography and Audiovisual Arts (ICAA), deliver a flawless copy to the Spanish Film Archive and ensure that at least 50% of the deduction base is spent in Spain. Moreover, any subsidies granted reduce the deduction base and the total allowable incentive, with a maximum aid cap for national productions set at EUR 20 million for feature films and EUR 10 million per episode for television series. International productions benefit from the same deduction rates, provided at least EUR 1 million is spent in Spain (or EUR 200 000 for animations) and total production costs exceed EUR 2 million. Eligible expenses must be linked to creative personnel resident in Spain or another EEA state and to the use of local technical industries and suppliers. The same aid intensity cap applies, and the maximum deduction matches that of the national regime.

Regional regimes have further increased Spain's attractiveness. The **Canary Islands** offer deduction rates of 54% for the first EUR 1 million, if expenditure on the islands exceeds EUR 1.8 million, and 45% above that, with maximum deduction caps of EUR 36 million per production and EUR 18 million per episode. These incentives require specific regional certification, a share of local technical and artistic staff who are tax-resident in the Canary Islands, and defined participation conditions for co-producers. **Navarra** provides deductions of 45-50% for national productions and 35% for international productions (capped at EUR 5 million), with a 40% local spending requirement. In the **Basque Country's** historic territories, deductions range from 50% up to 60%, with an additional 10% bonus if the production is entirely in Basque (Euskera). Bizkaia has no

¹⁰³ For more details, please see website of the [Spain Film Commission](#).

¹⁰⁴ [Ley 27/2014](#) (in Spanish) *de 27 de noviembre, del Impuesto sobre Sociedades* (Law 27/2014, of 27 November 2014, on Corporate Income Tax).

maximum deduction limit, whereas Araba and Gipuzkoa cap deductions at EUR 10 million per production and EUR 3 million per episode. Deductions in these territories depend directly on local expenditure, and each territory has distinct eligibility conditions.

Spain's system also allows monetisation of tax credits through economic interest groupings (AIEs) and specialised financing contracts, providing flexibility and enabling productions to secure upfront cash flow from investors in exchange for future tax credits; investors or AIEs can benefit from the deduction generated, subject to caps and regulatory requirements. The application process is managed by the taxpayer/producer, who must obtain certificates (such as nationality and cultural certificates) from the ICAA or relevant regional body, deposit a project copy with the film archive and provide detailed, audited expense justifications. Deductions are claimed in the corporate tax return for the year in which production is completed. The procedure is designed to be straightforward, and authority oversight ensures regular regulatory updates, promoting predictability and administrative transparency.

Spain's fiscal incentive regime for audiovisual production is designed to attract both large-scale and independent productions, offering clear, stable and generous financial advantages at both national and regional levels. Rigorous certification and transparency standards ensure compliance and effective use of public resources, but the system remains streamlined for productions that meet cultural, territorial and expenditure requirements. Not only can feature films and TV series from national or foreign producers benefit from these incentives, but the regional rules in places like the Canary Islands, Navarra, and the Basque Country further increase potential returns, making Spain a unique and highly competitive hub for content production in Europe. The flexibility regarding the assignment and monetisation of deductions further strengthens Spain's audiovisual sector, ensuring steady growth and ongoing investor and industry confidence.¹⁰⁵

4.1.3. United Kingdom

The United Kingdom remains a global leader in film and high-end television (HETV) production, offering a world-class ecosystem for content creation. Its incentives system, recently reformed and consolidated, has further strengthened the UK's international appeal as a destination for both independent and large-scale productions. In January 2024, the UK introduced the Audio-Visual Expenditure Credit (AVEC) as the universal incentive mechanism for film, HETV, animation, and children's TV. For most films and HETV, AVEC provides a headline credit of 34% on qualifying UK core expenditure, with an elevated rate of 39% for animation and children's programmes. UK qualifying expenditure is capped at 80% of the core production budget, and the project must pass the BFI cultural test or be an official co-production.¹⁰⁶ All productions must spend at least 10% of their core budget on goods or services used or consumed in the UK; HETV must also meet a minimum

¹⁰⁵ Spain Film Commission, [Guide to tax incentives for audiovisual production in Spain](#).

¹⁰⁶ Cabrera Blázquez F.J., Cappello M., Enrich E., Talavera Milla J., Valais S., [The legal framework for international co-productions](#), IRIS Plus, European Audiovisual Observatory, Strasbourg, 2018.



GBP 1 million-per-broadcast-hour threshold. Applications for AVEC and certification are managed by the BFI for qualification and the UK's government department responsible for taxes, customs and duties, HM Revenue & Customs (HMRC), for processing and payment, with credits delivered through the UK corporation tax system.

For low-budget independent films, the AVEC offers an enhanced "Independent Film Tax Credit (IFTC)" with a rate of 53%. This applies to films with budgets up to GBP 15 million that meet specific independence criteria, including not being part of a major studio group. This uplift is intended to nurture a sustainable UK independent film sector, address market challenges and foster diversity and innovation in the national screen ecosystem. The IFTC also simplifies access for such productions, providing a single, higher rate of support compared to previous regimes.¹⁰⁷

The AVEC and IFTC have replaced the former suite of tax relief, including the Film Tax Relief (FTR), HETV Tax Relief, Animation Tax Relief and Children's TV Tax Relief. Key improvements include higher rates, a streamlined and unified regime, greater predictability for multi-year and large-scale productions, improved transparency and faster returns. From 1 April 2025, productions claiming AVEC at the standard 34% rate may also claim a 39% credit for qualifying visual effects expenditure, which is exempt from the 80% cap, subject to HMRC conditions.¹⁰⁸ These reforms are designed to make the UK an even more compelling location for both inward investment and local production, especially for independent production.¹⁰⁹

Through the new AVEC framework, the UK offers one of the most attractive, predictable, and accessible incentive environments for audiovisual production globally, supporting a full spectrum of projects and maintaining its leadership in screen content. The inclusion of the IFTC reinforces a particular commitment to independent British film, strengthening the industry's foundations and future resilience.

4.1.4. Canada

Canada's audiovisual sector, encompassing film, television and digital media, is internationally recognised for its creative talent, infrastructure and diverse filming locations. Central to this success is a comprehensive framework of tax credits and fiscal incentives at both federal and provincial levels, significantly reducing production costs and attracting both Canadian and international projects. These tax credits share several defining characteristics: they are refundable, meaning even companies with no tax payable in Canada receive payment for eligible amounts; they are generally labor-focused, rewarding productions for hiring Canadian talent; and, importantly, they can often be combined, allowing productions to benefit from both federal and provincial incentives for greater

¹⁰⁷ See the website of the BFI, [About UK creative industry expenditure credits](#) (consulted on 27 April 2026).

¹⁰⁸ GOV.UK, [Guidance - Claiming Audio-Visual Expenditure Credits for Corporation Tax, What you can claim](#), updated on 19 February 2026.

¹⁰⁹ For an overview of change, from tax relief to expenditure credits, see website of the BFI, [About UK creative industry expenditure credits](#), op. cit.



financial benefit. This comprehensive, layered, indirect funding regime significantly decreases the net cost of audiovisual production in Canada and has made the country a leader in both original and service production volume. Additionally, international co-productions benefit from Canada's network of over 55 audiovisual treaties,¹¹⁰ allowing projects to qualify as national in both Canada and a partner country. This dual status allows productions to access tax credits and other incentives in both countries, broadening financing opportunities and encouraging creative and technical collaboration across borders.

At federal level, Canada offers two main tax credit programs jointly administered by the Department of Canadian Heritage, through the Canadian Audio-Visual Certification Office (CAVCO), and by the Canada Revenue Agency (CRA).

- **Canadian Film or Video Production Tax Credit (CPTC):**¹¹¹ this 25% refundable corporate tax credit for eligible Canadian labour expenditures is designed to encourage the production of Canadian film and television programming and to foster an active, domestic, independent production sector in Canada.¹¹² Canadian-controlled film or video productions which meet Canadian content criteria set by CAVCO, including minimum thresholds for Canadian key creative personnel, copyright ownership and control over production, are eligible. Treaty coproductions may also qualify.¹¹³
- **Film or Video Production Services Tax Credit (PSTC):**¹¹⁴ this 16% refundable credit on eligible Canadian labor expenditures applies to accredited productions. Unlike the CPTC, the PSTC does not require content to be Canadian, making it especially attractive to international productions and Canadian “service” productions¹¹⁵ filming in Canada. Applicants must be taxable Canadian (including foreign-owned) corporations, primarily engaged in film or production services, with a permanent Canadian establishment, and must either own the copyright or be directly contracted by the owner.

Complementing federal support, provinces and territories offer their own tax credits, which can be combined with federal incentives. For example, **British Columbia** offers two types of labour-based refundable corporate income tax credits designed to encourage film and television live-action, VFX, and animated productions in the province (Motion Picture Tax

¹¹⁰ See website of the Government of Canada (Canada.ca), [About audiovisual treaty coproduction](#), date modified on 2017-08-03.

¹¹¹ See Canada.ca, [Canadian Film or Video Production Tax Credit \(CPTC\)](#), date modified on 2026-04-01.

¹¹² The CPTC is governed by section 125.4 of the Income Tax Act (the “Act”) and section 1106 of the Income Tax Regulations. Links to the full text of the Act and Regulations are available at Canada.ca, [Canadian Film or Video Production Tax Credit](#), date modified on 2026-04-01.

¹¹³ For more information on these requirements, see the Canada.ca, [Application guidelines - Canadian Film or Video Production Tax Credit \(CPTC\) - Canadian Audio-Visual Certification Office \(CAVCO\)](#), published on 3 March 2020.

¹¹⁴ Canada.ca, [Film or Video Production Services Tax Credit \(PSTC\)](#), date modified on 2026-04-01.

¹¹⁵ A Canadian “service” production refers to a film, television, or digital media project that is produced in Canada, often by a foreign (typically American) studio or company, using Canadian facilities, crew and resources, but without meeting the “Canadian content” (Cancon) criteria that define a truly Canadian project.



Credits).¹¹⁶ The Production Services Tax Credit (PSTC)¹¹⁷ provides a 36% refundable tax credit on qualified labour expenditures for Canadian or international productions, with additional bonuses for major productions, regional, distant locations, and digital animation/visual effect work. There is no Canadian content requirement for this credit. In addition, the Film Incentives BC (FIBC)¹¹⁸ offers a 40% refundable labour credit for Canadian productions (Canadian-owned and controlled production corporations that have a permanent establishment in British Columbia), with further bonuses for regional and distant location shootings, digital animation, scriptwriting and film training. **Ontario's** incentive structure includes three tax credits to support film and television production. The Ontario Film & Television Tax Credit (OFTTC)¹¹⁹ provides a 35% refundable tax credit for Ontario labor expenditures of Ontario-based Canadian productions. The Ontario Production Services Tax Credit (OPSTC)¹²⁰ offers a 21.5% tax credit for both Ontario-based Canadian and foreign-controlled productions shooting in Ontario, regardless of local content. The Ontario Computer Animation and Special Effects Tax Credit (OCASE)¹²¹ grants an 18% refundable tax credit for qualifying Ontario labor expenditures related to digital animation and visual effects for film and television, available to both Ontario-based Canadian and foreign-controlled companies.

Quebec offers a Refundable Tax Credit for Film or Television Production Services, jointly administered by SODEC and Revenue Quebec (the Québec tax administration), to encourage foreign producers to film in the province and create jobs. The base of the tax credit is 25% of qualified expenditures, which include eligible labour and property costs, incurred for services provided in Québec. An enhanced rate applies to computer-aided animation and visual effects work, providing an additional 16% credit for qualified labour, adding up to a total potential benefit of 41% for these activities.

4.1.5. United States of America

The United States is home to one of the world's most developed sub-national film and television incentive ecosystems. As of 2024, it hosted 32 state-level production incentives and one territory-level (Puerto Rico). These programmes have been central to the country's evolution into a globally dominant production market, driving significant economic growth, fostering skilled employment and facilitating major infrastructure development across traditional and emerging production hubs. The U.S.'s uniquely decentralised incentive system structure encourages states to compete for local and international productions, resulting in a dynamic and responsive policy environment that rewards innovation and long-term sector investment.¹²² This system has driven significant production growth in

¹¹⁶ CreativeBC, [Motion Picture Tax Credits](#).

¹¹⁷ CreativeBC, [PSTC | Production Services Tax Credit](#), new as of March 4, 2025.

¹¹⁸ CreativeBC, [FIBC | Film Incentive BC](#) (New as of March 4, 2025).

¹¹⁹ Ontario Creates, [Ontario Film & Television Tax Credit \(OFTTC\)](#) (consulted on 27 April 2026).

¹²⁰ Ontario Creates, [Ontario Production Services Tax Credit \(OPSTC\)](#) (consulted on 27 April 2026).

¹²¹ Ontario Creates, [Ontario Computer Animation & Special Effects Tax Credit \(OCASE\)](#) (consulted on 27 April 2026).

¹²² Olsberg•SPI, [Global Film and Television Production Incentives](#), a White Paper, November 2024.



states beyond traditional hubs. States like Georgia and New Mexico have seen major economic and employment impacts from their incentive programs, with most new production spending and jobs directly linked to these policies. Infrastructure investment and screen tourism have also increased, demonstrating the broader economic benefits of the US approach.

Film and television production incentives in the U.S. are designed and administered at the state rather than federal level, leading to wide variability in program structure, eligibility and benefits. Most major U.S. programs take the form of tax credits (refundable, non-refundable and/or transferable), although some states offer direct cash rebates and exemptions or waivers for sales and lodging tax.

- **Transferable tax credits:** In states such as Georgia and New Jersey, credits can be sold to third parties, providing productions with limited state tax exposure with a cash equivalent.
- **Refundable tax credits:** Used in New York and Louisiana, these are converted to a cash equivalent upon certification and audit. California also now operates a refundable film and television tax credit programme (Program 4.0), with rules that vary by category and include transferability for certain independent film allocations.¹²³
- **Non-refundable, non-transferable credits:** Initially exemplified by California before it adopted its 4.0 Program, these can only be claimed against a company's in-state liability, not sold or refunded in cash.
- **Cash rebates:** Available in states such as New Mexico and Kentucky, these rebates cover 25–35% of qualified spend with rates varying according to local hire and other criteria.¹²⁴
- **Sales and lodging tax exemptions:** Offered in some states to further reduce production costs, though not categorised as main incentives.

The application requirements and minimum spend thresholds vary considerably. For example, Georgia requires a minimum of USD 500 000 qualified in-state expenditure and offers a base credit of 20%, which can increase to 30% if the state's logo is included. California's programme operates through competitive allocation within annual funding categories and statutory limits, with eligibility and rates differing across categories.¹²⁵ Louisiana and New York remain the gold standard for refundable models, offering broad expenditure eligibility and additional uplifts for certain activities or the employment of local labour.

¹²³ National Conference of State Legislatures (NCSL), [State Film and Television Incentive Programs](#), Updated on 27 August 2025.

¹²⁴ In New Mexico, the incentive is structured as a refundable tax credit with a 25% base rate and a maximum of up to 40% when uplifts apply. See, Film New Mexico, [It pays to film in New Mexico](#). (Consulted on 27 April 2026)

¹²⁵ National Conference of State Legislatures (NCSL), [State Film and Television Incentive Programs](#), updated 27 August 2025, entry for California.



Programmes may also incorporate annual or per-project caps and include exclusions for certain above-the-line costs¹²⁶ or non-resident salaries, which impacts their effective value. Generally, the most highly regarded US incentives qualify a wide range of costs and minimise exclusions, keeping the effective value close to the headline rate. Most programmes require pre-approval, detailed expenditure tracking and post-production audits prior to certificate issuance or payment.

4.1.6. Thailand

Thailand remains a highly competitive and attractive destination for international screen productions in Southeast Asia. Its combination of diverse and visually stunning locations, well-developed infrastructure, skilled crews and cost efficiency has increasingly drawn the attention of the global film and television industry. Recognising this momentum, the Thai government launched a national cash rebate program in January 2017, to stimulate growth, technology transfer and cultural exchange through foreign production spending. Since its inception, the incentive programme has undergone regular review and enhancement, reflecting the government's commitment to maintaining international competitiveness. With transparent guidelines and active support from the Thailand Film Office, Thailand's evolving fiscal incentives have helped to secure the country's growing profile as a premier production hub.

Thailand's principal fiscal incentive is a national cash rebate scheme for foreign film, television and digital productions shooting in the country. Eligibility requires filming permission from the Film, Video and Digital Media Committee and local spending of more than THB 50 million (ca. EUR 1.2 million) paid to Thai crew and companies. The primary rebate is tiered by Thailand-qualified expenditure: 15% of THB 50 million (maximum total rebate capped at 25%); 20% of THB 100–150 million (maximum total rebate capped at 30%); and 25% of totals above THB 150 million (maximum total rebate capped at 30%). Additional incentives may apply within these ceilings: +5% for verified promotion of Thai tourism / soft power / a positive image; +5% for hiring Thai nationals for key functions; +3% for filming in Department-of-Tourism-designated locations with at least 25% of filming days in Thailand; and +3% where post-production spend in Thailand is at least 15% of eligible expenditure.¹²⁷

Qualified local spend includes Thai crew and talent wages, goods and services, equipment rental, facility use, accommodation and any post-production work completed in Thailand. Costs associated with a foreign cast and crew or foreign-based goods and services are ineligible. The cash rebate is disbursed after the project has been completed, upon submission and audit of final accounts and a government review. The Thailand Film Office, under the Ministry of Tourism and Sports, administers the scheme. Applications require pre-

¹²⁶ Above-the-line costs refer to costs linked to the main creative and rights-related contributors to a production, such as the writer, director, producer and principal cast.

¹²⁷ Royal Thai Consulate-General, [Update: 2025 Thailand Filming Incentives](#), Mumbai, 6 January 2025.



approval and the use of a local production service company. Annual budgeting limits mean the program is managed on a first-come, first-served basis.¹²⁸

This robust and evolving incentive framework has stimulated remarkable growth in production volume: in 2024 alone, Thailand hosted 491 foreign film productions, generating over THB 6.58 billion (ca. EUR 175 million) in production expenditure.¹²⁹ The effectiveness of Thailand's competitive cash rebate, skilled local workforce, low production costs and streamlined operational process has solidified the country's reputation as a strategic destination for both major studio features and high-end streaming content, and as one of the most versatile and cost-effective filming destinations for the global screen industry.

4.2. Comparative analysis

Fiscal incentives and cash rebates have become a cornerstone of international audiovisual production, playing a key role in determining where projects are made and how investment flows across borders. This section provides a comparative overview of different incentive models in Europe (Hungary, Spain and the United Kingdom), North America (Canada and the United States) and Southeast Asia (Thailand), as outlined in the previous section. It considers the main structural features, recent enhancements and relative appeal of such schemes for stakeholders in the global screen industry.

4.2.1. Scheme administration: centralised vs. decentralised systems

In Europe, Hungary and Spain operate nationally administered, centralised cash rebate or tax credit schemes. Hungary's rebate is managed by the National Film Institute (NFI) through a government-guaranteed Collection Account, while Spain's program is administered by the national Tax Agency, with regional governments able to add further incentives on top (e.g., Canary Islands, Navarra and the Basque Country). The UK, as of 2024, has consolidated its previously separate film, TV and animation tax reliefs into the Audio-Visual Expenditure Credit (AVEC) regime, managed by the BFI for certification and HMRC for credit processing, creating a unified and streamlined system for all major screen content.

In North America, Canada employs a hybrid model with both federal and provincial incentives, which can generally be combined ("stacked"), maximising overall value for producers. In contrast, the USA features a uniquely decentralised ecosystem, with over 30 states and territories offering independently designed credits, rebates and exemptions

¹²⁸ Film Thailand, [Tax Rebate in Thailand](#) (consulted on 27 April 2026).

¹²⁹ Foreign film productions in Thailand generated US\$194M in 2024: Thailand is aiming to be a premier global filming destination.

for various projects, with distinct features, rates and eligibility criteria, but no federal scheme.

In Southeast Asia, Thailand offers a national single-window cash rebate program administered by the Thailand Film Office (TFO), with annual budgeting and clear rules for the international sector.

4.2.2. Key features and attractiveness

Comparing the key features and overall attractiveness of these different audiovisual incentive schemes reveals distinct strategies and operational differences. Centralised national schemes, as seen in Hungary and Spain, tend to emphasise unified administration and clearly defined benefit rates. Hungary's cash rebate scheme, which covers a broad range of film and television formats, offers a high degree of predictability and has been successful in attracting both domestic and international projects. This has been particularly evident since the inclusion of non-Hungarian expenditure as an eligible cost, which supports larger budget productions. Spain's national scheme, complemented by some of Europe's most generous regional incentives, demonstrates how sub-national schemes can enhance a country's fiscal appeal without compromising regulatory clarity or accessibility.

The UK's incentive system has evolved into one of the sector's most straightforward and competitive regimes. The recent introduction of the Audio-Visual Expenditure Credit (AVEC) has simplified access for both domestic and incoming projects by offering notably high rates, transparent administrative requirements and dedicated bonuses for independent film projects. This approach enhances not only financial returns, but also the stability and reliability of the industry, making the UK a sustained hub for high-profile international investment.

Canada's attractiveness lies in the flexibility and layering offered by its hybrid model, according to which producers can combine refundable federal and provincial tax credits. This environment supports diverse project types, from major production work to the creation of original Canadian content. It is characterised by generous eligibility rules regarding labour expenditure and international co-production treaties. The result is an environment that supports broad participation, particularly for producers who can structure their projects to maximise "stacking".

In contrast, the United States has a highly decentralised landscape, which means that productions have to navigate a complex mix of state-by-state programmes. While this model offers significant tax breaks and occasional unique incentives, such as bonuses for filming locations or local hiring, the variability means producers must take a strategic approach to evaluating long-term benefits, administrative complexity and annual funding certainty.

As a comparatively newer entrant, Thailand's scheme stands out for its rapid progression and simplicity. The 2024 upgrade to a 20-25% rebate structure puts it in direct competition with leading global jurisdictions, particularly with regard to productions



seeking exotic locations that offer good value for money. With an emphasis on hiring Thai talent and promoting the national brand, the scheme balances straightforward guidelines with targeted bonuses, underpinning Thailand's rise as a desirable production destination in Asia and beyond.

Ultimately, the effectiveness of each system depends on more than just the amount of the rebate or credit. It also depends on the interplay of eligibility conditions, administrative reliability, and how national or regional policy priorities are implemented. While each country has its own approach, this comparative perspective shows that ongoing enhancement and alignment with industry needs are common characteristics of effective incentive design.

4.2.3. Eligibility and cultural criteria

Hungary and the UK require the passing of a cultural test and in Spain a nationality/cultural certificate must be obtained. Requirements in Canada vary by scheme: either Canadian control/content (CPTC) is required or eligibility must be opened to international service productions (PSTC). The US typically emphasises economic impact and local spend, rarely requiring cultural tests, though some states offer uplifts for local hiring or disadvantaged areas. Thailand's scheme emphasises economic contribution and local hiring; bonus rebates reward productions for collaborating with Thai talent and for projecting a positive international image.

4.2.4. Caps, thresholds and predictability

Hungary has introduced an annual cap of HUF 70 billion (approx. EUR 180 million from 2026) to keep its incentive predictable and sustainable. Spain's national program is well-funded, with regional caps where relevant. The UK provides predictability, with no annual competitive cap for AVEC, but some independent films must meet specific budget/independence criteria. Canada and its provinces and territories each have their own limits (most are predictable and well-funded), with some annual/project funding caps. US states differ widely; some have uncapped programs (e.g., Georgia), others have annual caps (e.g., New York, California). Thailand's scheme has an annual budget and a first-come, first-served system; applications close once funds are allocated for the year.

4.2.5. Industry impact and recent production data

Examining the impact on the industry and recent data from these different models reveals significant variations in scale, sectoral growth and international positioning. In Hungary, for example, the predictable and stable cash rebate system has contributed to record-



breaking production expenditure, which reached HUF 250 billion (approximately EUR 688 million) in 2022. This support has enabled the country to attract high-profile international productions such as *Dune* and *Blade Runner 2049*, thereby endorsing its status as a major Central European hub for foreign and domestic projects.

Spain's effectiveness lies in the synergy between its national and regional systems, which enables it to attract a continuous stream of international productions. In 2022, Spain's audiovisual sector reported production expenditure of EUR 893 million, boosted by global hits such as *Game of Thrones* and *The Crown*. The distinctive advantage of regionally enhanced rebates, particularly in the Canary Islands, has supported Spain's growing profile as a creative and economically significant destination.

The UK's industry outcomes demonstrate long-term consistency and international leadership. Driven by its transparent incentive system, the UK continues to report multi-billion-pound annual expenditure and maintains its appeal for major studio productions and high-end streaming content. Structural reforms, including the introduction of the Audio-Visual Expenditure Credit, have further enhanced the UK's value proposition for both foreign and independent producers.

Canada's layered tax credit system has fostered resilience and ambition; in the period 2021–2022 productions generated CAD 11.69 billion (approximately EUR 7.9 billion). The support of the Canadian model for original Canadian creations and major production work for global franchises highlights its adaptability and attractiveness.

The US has the highest aggregate production expenditure of all the territories under review, with over USD 16 billion recorded in 2022. States such as Georgia have become notable examples, reporting a record USD 4.4 billion in direct expenditure. This is a reflection of the competitive and flexible incentives offered at state level, which continually attract major film and television productions such as the *Avengers* and *Stranger Things* franchises.

Despite its smaller absolute market, Thailand's upgraded, streamlined rebate system has clearly amplified its appeal as a regional and rising global host. In 2024, the country welcomed 491 foreign film productions, generating over THB 6.58 billion (EUR 175 million) in direct spending – a record milestone directly linked to recent enhancements and active government promotion.

Overall, the industry impact of each country reflects the maturity, flexibility and generosity of its incentive framework, as well as the effectiveness with which administration and policy enhancements respond to shifting global production demand.

4.2.6. Trends and outlook

Across all the countries surveyed, it appears clear that the policy cycle for audiovisual incentives is increasingly characterised by adaptability and responsive enhancement in order to remain globally competitive. European countries such as Hungary and Spain set the standard for stability and predictability by frequently reviewing their schemes to



balance industry growth with the sustainability of public finances. Hungary's shift towards capped annual allocations reflects a growing trend and indicates policymakers' attempts to guarantee industry support and governmental control over expenditure in an era of surging global demand for content.

Meanwhile, Spain's model demonstrates how integrating regional flexibilities with a robust national framework can foster fiscal efficiency and creative ambition. Maximum rates and bonus criteria are periodically adjusted to attract major productions while ensuring regional impact. The UK's transition to the Audio-Visual Expenditure Credit scheme reflects a broader European shift towards streamlining, consolidation and transparency in fiscal support. The aim is to deliver greater certainty to international producers and local independents alike.

In North America, Canada's system is evolving gradually through the rebalancing of stackable credits to support local content and international co-production, prioritising workforce diversity and regional development. Meanwhile, the United States continues to promote experimentation, with states regularly revising incentives not only to raise their rates, but also to streamline applications, track economic impact and introduce new sustainability and diversity criteria.

Most notably, Thailand's recent restructuring and expansion of its cash rebate scheme reflects a broader shift among emerging markets. By increasing its maximum rebate, introducing bonus criteria and actively publicising programme successes, Thailand is indicating its intention to compete directly with more established jurisdictions, leveraging cost efficiencies and local skills to win international business.

Overall, the prevailing outlook among leading incentive jurisdictions is shaped by regular policy review, greater integration of economic, social, and sustainability criteria, and a shared emphasis on data-driven accountability. These trends are likely to remain central as governments seek to balance creative ambition, fiscal efficiency and international industry appeal in the coming years.



5. General trends and emerging issues

Now that the main incentive models, the legal framework and a set of national examples have been set out, this chapter steps back from country descriptions to identify the broader trends shaping fiscal incentives for audiovisual works. The central point is that fiscal incentives are no longer a marginal or exceptional policy instrument. They have become a structural component of audiovisual policy in a growing number of jurisdictions, but their purpose has also evolved. The debate is no longer simply about whether a country should have an incentive; it is increasingly about what type of incentive to operate, what wider policy architecture should accompany it and what trade-offs public authorities are willing to accept.¹³⁰

5.1. Widespread adoption and competitive convergence

The first major trend is the continued expansion of fiscal incentives and the resulting intensification of competition between territories. Thirty-four fiscal incentive schemes were identified in the EU in 2024; when the United Kingdom and Norway are included, the cumulative annual budgets made available through such schemes reached approximately EUR 4.3 billion.¹³¹ This does not mean that all schemes are identical, but it does mean that incentives have become a normal part of the policy toolkit. In practical terms, this widespread adoption changes the nature of competition: once incentives are widely available, differentiating factors are: effective value; eligibility rules; administrative simplicity; payment speed; legal certainty; and the reliability of a scheme over multiple production cycles.¹³²

Recent developments in Northern Europe illustrate this convergence particularly well. Sweden, which entered the competition later than many established incentive territories, now offers support covering up to 25% of eligible Swedish production and post-production expenditure. Finland also operates a 25% cash rebate and, for 2025, tightened minimum spend thresholds while confirming that the incentive remains an export- and growth-oriented tool. Norway, meanwhile, continues to frame its incentive scheme as part of a broader strategy to attract more film and series production to the country.¹³³ In other words, even markets that traditionally relied more heavily on direct support, public-service institutions or regional funds are increasingly engaging with mobile-production competition because development, shooting and post-production can be organised across

¹³⁰ Hermanns O., Radcliff-Cormann J., *State aid and the audiovisual sector*, op. cit., pp. 11-19; Olsberg•SPI, *Global Film and Television Production Incentives*, op. cit., pp. 3-4.

¹³¹ Hermanns O., Radcliff-Cormann J., op. cit., p. 17.

¹³² Olsberg•SPI, *Global Film and Television Production Incentives*, op. cit., pp. 9-10.

¹³³ Swedish Agency for Economic and Regional Growth (*Tillväxtverket*), *Support for the production of audiovisual works*; Business Finland, *Changes to the audiovisual sector production incentive coming in 2025*, 23 September 2024; Government of Norway, *Film and media*, updated in 2025.

multiple territories, and producers compare locations according to the overall package on offer, including incentive value, skilled crews, infrastructure, locations and administrative ease.¹³⁴

The same pattern can be observed beyond Northern Europe and outside Europe, though often through different institutional configurations. Portugal has consolidated a two-track system composed of a cash rebate and a newer cash refund for big productions, with new 2025 application phases and dedicated annual allocations continuing under both schemes.¹³⁵ South Korea maintains a location incentive run by the Korean Film Council (KOFIC) which offers a rebate of up to 25% of qualified expenditure, while Brazilian policy exhibits a layered model in which federal fiscal incentives under the Audiovisual Law coexist with increasingly visible local attraction schemes such as São Paulo's cash rebate programme.¹³⁶ The broader point is not that all countries are converging on one single legal framework, but rather that they are converging on the same strategic understanding: production mobility can be influenced through fiscal design.

At the same time, the spread of incentives has not eliminated competitive hierarchy. Larger and more established hubs retain advantages linked to studio capacity, supplier networks, experienced crews, strong connectivity and reputational effects. As a result, the real competitive frontier is increasingly defined not by the advertised percentage alone, but by the overall production proposition. Olsberg SPI's recent analysis underscores this aspect: a scheme advertised as offering a 30% incentive may, in practice, have a much lower effective value once caps, eligible expenditure filters or administrative barriers are taken into account.¹³⁷ In short, widespread adoption is creating a more standardised policy landscape, but also a more sophisticated and demanding competitive environment.

5.2. Economic impact narratives and growing budget pressure

A second clear trend is the strengthening of the economic-impact narrative surrounding fiscal incentives. While incentives are still regularly justified on cultural grounds, they are increasingly framed in terms of investment, job creation, value added, exports, infrastructure and regional spillovers. This shift aligns with the growing financial

¹³⁴ Button P., *Do Tax Incentives Affect Business Location and Economic Development? Evidence from State Film Incentives*, NBER Working Paper 25963, June 2019, pp. 2-4.

¹³⁵ For the purposes of this report, a cash rebate refers to a reimbursement paid to the producer after eligible expenditure has been incurred and verified, whereas a cash refund refers more specifically to a repayment mechanism structured under the applicable national scheme. In Portugal, the two schemes are distinct and separately regulated. See Instituto do Cinema e do Audiovisual (ICA), *Incentivos à Produção em Portugal*, updated on 10 February 2026; *Diário da República*, Official Journal of the Portuguese Republic, *Portaria n.º 124-B/2024/1*, 28 March 2024.

¹³⁶ Korean Film Council (KOFIC), *The Guidelines on KOFIC Location Incentive Program* (consulted on 5 May 2026); Spcine, *Cash Rebate*, updated 2025; Government of Brazil, *"A synonym of pride" celebrates President Lula, after The Secret Agent triumphs at the Golden Globe Awards*, Gov.br, 13 January 2026.

¹³⁷ Olsberg•SPI, *Global Film and Television Production Incentives*, op. cit. p. 10.

importance of incentives in production financing. For European theatrical live-action fiction films released or scheduled for release in 2022, direct public funding represented 27% of the financing volume while fiscal incentives and cash rebates made up 20%, making incentives the second most important financing source for the second year in a row.¹³⁸

This development has two main implications. First, incentives are no longer peripheral to financing structures: in many cases they have become a core layer of the capital stack. Second, the more essential incentives become, the stronger the political demand for demonstrating measurable returns. Spain provides a recent example of how governments seek to demonstrate these returns. According to Olsberg SPI's impact assessment of Spain's rebates for international film and television series, it was found that incentivised production generated at least EUR 1.32 billion in expenditure in Spain between 2019-2022, supported EUR 1.795 billion in gross value added (GVA), and was associated with an average of 7 080 full-time equivalent (FTE) jobs per year, with an estimated GVA return on investment of 9.0.¹³⁹

Such studies help explain why incentives remain politically attractive, even in times of fiscal constraint. They also highlight a structural tension: the more incentives are justified on economic grounds, the more they are exposed to scrutiny regarding counterfactuals, deadweight effects¹⁴⁰ and budget opportunity costs. This scrutiny is particularly relevant in Europe, where public funding systems remain broader than incentives alone. National and sub-national film fund income and activity spending in Europe generally increased between 2018 and 2022, but often by less than inflation over the period.¹⁴¹ In other words, incentives may be being bolstered within a wider funding environment in which other support budgets are also under pressure.

This tension is already visible in a market context that is less expansionary than during the peak streaming years. In the late 2010s and early 2020s, the rise of global and regional streaming platforms brought significant new investment into the production sector and helped drive growth in production volume, which in turn reinforced competition between territories seeking to attract shoots and related expenditure through incentive schemes.¹⁴² More recently, however, that expansion has slowed: commissioning by streamers in European TV fiction declined by 7% in 2024, after several years in which streamers had acted as the growth engine of fiction production.¹⁴³ Slower growth, combined with more selective commissioning, raises harder questions about whether public

¹³⁸ Kanzler M., *Fiction film financing in Europe: A sample analysis of films released in 2022*, European Audiovisual Observatory, Strasbourg, March 2025.

¹³⁹ Olsberg•SPI, *Economic Impacts of the Rebates for Investments in International Film and Television Series in Spain*, report for the Spain Film Commission, 30 August 2024, pp. 5-6.

¹⁴⁰ The deadweight effect refers to the share of public support that benefits activities which would have happened even without the intervention.

¹⁴¹ Kanzler M., *Insights into direct public film funding in Europe: A sample analysis of national and sub-national funds for the years 2018–2022*, European Audiovisual Observatory, Strasbourg, November 2024.

¹⁴² Olsberg•SPI, *Global Film and Television Production Incentives*, op. cit., p. 3.

¹⁴³ Schneeberger A., *Audiovisual fiction production in Europe - 2015-2024 figures*, European Audiovisual Observatory, Strasbourg, December 2025. See also European Audiovisual Observatory, *Streaming commissioning slowdown in European TV fiction production*, 2 December 2025.

authorities are supporting structural sector development or merely competing more fiercely for a smaller pool of highly mobile projects.

5.3. Integration with recovery, resilience and industrial strategy

A third notable trend is that fiscal incentives are increasingly embedded within wider policy frameworks focused on recovery, resilience, digital transition and industrial strategy. The post-pandemic period accelerated this shift. Rather than treating audiovisual policy purely as a cultural matter, a growing number of governments now link it to priorities such as innovation, exports, infrastructure development, skills enhancement and place-based development.

Spain offers an illustrative European example. The Spain Audiovisual Hub plan was conceived as part of a broader national strategy to expand production, attract investment and strengthen competitiveness, with public resources of EUR 1.603 billion allocated for 2021-2025 and an ambitious target to increase audiovisual production by 30% by 2025. Official government communications also explicitly linked the plan to the Recovery, Transformation and Resilience Plan, notably through Component 25, which focuses on the internationalisation of the Spanish audiovisual sector.¹⁴⁴ In this model, the fiscal incentive is not a standalone measure; it is integrated into a comprehensive package involving regulation, international promotion training, financing and efforts to enhance visibility.

This broadened approach is visible in other countries as well. For example, in the United Kingdom, fiscal incentives are now complemented by other industrial measures, such as the roll-out of 40% business-rate relief for eligible film studios in England, set to continue through 2034. The policy rationale presented by the government is explicitly industrial: to maintain competitiveness, support long-term investment, strengthen infrastructure and create conditions for further growth.¹⁴⁵ This is significant both from a descriptive and an analytical perspective. It suggests that as incentive schemes mature, they often tend to prompt complementary supportive interventions, as governments recognise that fiscal incentives alone cannot resolve deeper structural bottlenecks.

Nordic countries show a similar orientation. In Finland, the fiscal incentive is directly linked to boosting export revenues, increasing project scale and building sectoral capabilities.¹⁴⁶ Norway's film and gaming policies link incentives to broader objectives such as equality, diversity, sustainability and ensuring a strong industry throughout the

¹⁴⁴ Government of Spain, [Pedro Sánchez presents "Spain, Audio-visual Hub of Europe" plan, with over 1.6 billion euros of public investment to 2025](#), *La Moncloa*, 24 March 2021; Government of Spain, [The Government promotes "Spanish Screenings XXL". An international market for Spanish audiovisual production](#), *La Moncloa*, 19 January 2022; Spain Audiovisual Hub of Europe, official plan summary, updated in 2024.

¹⁴⁵ HM Treasury and Department for Culture, Media and Sport, [Lights, Camera, Action! 40% business rates relief for film studios rolled out](#), 16 February 2025.

¹⁴⁶ Business Finland, [Changes to the audiovisual sector production incentive coming in 2025](#), 23 September 2024.



country.¹⁴⁷ The key takeaway is that incentives are increasingly expected to operate not just as tools for attracting individual productions, but as strategic levers within a larger framework for sector development and economic resilience. In some countries, this broader perspective has also prompted interest in investment obligations – regulatory requirements compelling broadcasters, streamers and other market players to invest a defined share of revenues in local content production – as a complementary instrument to be calibrated alongside fiscal incentive systems rather than in isolation from them. The interplay between these two types of instruments is increasingly relevant to an understanding of how public authorities seek to balance attraction objectives with the strengthening of local ecosystems.¹⁴⁸

5.4. Emerging policy innovations

A fourth key trend concerns policy innovation within fiscal incentive systems. As these systems mature, governments are moving away from first-generation schemes defined mainly by a base rate and a territorial-spend requirement. The current phase is characterised by greater differentiation, layering and targeting of incentives.

One type of innovation involves targeted uplifts or specialised mechanisms designed to address specific market failures. For example, the United Kingdom's Independent Film Tax Credit, available from 1 April 2025, offers an enhanced 53% rate for qualifying films with budgets up to GBP 15 million. Additionally, a separate additional credit allows films and high-end television programmes to claim 39% on UK visual effects expenditure, with this expenditure exempted from the usual 80% cap that applies to qualifying costs.¹⁴⁹ These reforms are significant not only because they change the headline rate, but also because they indicate a willingness to tailor incentives to achieve specific policy goals: supporting independent production, retaining VFX work and strengthening high-value segments of the production chain.

Another innovation lies in broadening the architecture of incentive schemes, rather than merely making them more generous. Portugal's 2024-2025 reforms illustrate this trend.¹⁵⁰ Alongside its existing fiscal incentive scheme, Portugal has created a dedicated cash-refund regime for big film and audiovisual productions with an annual allocation of EUR 20 million for new applications. This scheme is explicitly designed to complement the

¹⁴⁷ Government of Norway, *Film and gaming policy*, updated on 16 January 2025.

¹⁴⁸ For a comparative overview of national approaches to investment obligations for VOD providers in the EU, see Kostovska I., et al., *Investment obligations for VOD providers to contribute to the production of European works: A 2022 update*, SMIT/VUB, Research Gate, September 2022. For Norway specifically, see Norwegian Film Institute (NFI), "Investment obligation for streaming services in Norway", January 2025. For Germany, see Abbatescianni D., *Germany moves to require streamers to reinvest in local production*, Cineuropa, February 2026.

¹⁴⁹ GOV.UK, HM Treasury and HM Revenue & Customs, *UK Independent Film Tax Credit*, policy paper, updated on 12 April 2024; HM Revenue & Customs, *Claiming Audio-Visual Expenditure Credits for Corporation Tax*, updated on 19 February 2026; HM Treasury, *Additional tax relief for visual effects (VFX)*, policy paper, published on 30 October 2024.

¹⁵⁰ *Diário da República*, Official Journal of the Portuguese Republic, *Portaria n.º 124-B/2024/1*, 28 March 2024.



existing support structure and to respond to high demand.¹⁵¹ This is a good example of policy learning: instead of relying on a single instrument, governments are increasingly creating differentiated tracks for different project profiles.

Another, and increasingly important, innovation is the introduction of qualitative conditionality. Recent European practice shows that support schemes are progressively incorporating sustainability, diversity, gender equality, accessibility and other wider policy concerns. For example, some countries have introduced ecological funding guidelines (e.g., Austria), carbon-reporting requirements (e.g., France), incentives linked to ecological scoring (e.g., Germany), or sustainable-filming guidance (e.g., Portugal). Others have adopted diversity questionnaires or premiums (e.g., Belgium, Austria), and gender-related conditions or prioritisation criteria (e.g., France, Norway).¹⁵² While not all fiscal incentives have become conditional on these criteria, they show that public support is gradually being used to shape how production is carried out, not only where it takes place.

These developments reveal a shift in policy philosophy. Incentives are no longer seen purely as neutral economic instruments. Increasingly, they are being deployed as governance tools capable of steering behaviour in relation to environmental transition, workforce composition, territorial development and industrial upgrading.

5.5. Production geography, regionalisation and collaboration

A fifth notable trend is the way fiscal incentives are reshaping production geography. This is because incentives operate not only at national level; they may also exist at regional or city level, either as top-ups for national schemes or as standalone mechanisms, and they can be designed to encourage expenditure and investment outside established hubs.¹⁵³ As a result, they may influence not only which country attracts a project, but also where within a country different stages of the value chain are located. In that sense, incentives do not merely attract production; they can also help reorganise the spatial dynamics of the audiovisual value chain.

At the European level, the impact on collaboration within the sector is particularly important. A 2021 sample analysis of theatrical fiction films found that international co-productions tend to have higher median budgets than 100% national films, with the median budget advantage estimated at EUR 600 000 to EUR 680 000.¹⁵⁴ This suggests that well-designed incentive systems can support not only inward production services, but also more complex cross-border financing structures. Consequently, these incentives have the potential to reinforce both industrial capacity and European collaboration within the sector.

At the same time, incentives can also contribute to regionalisation within countries. South Korea is a useful example as the national KOFIC location incentive operates

¹⁵¹ ICA, [Incentivos à Produção em Portugal](#) [Production Incentives in Portugal], updated on 10 February 2026.

¹⁵² Hermanns O., Radel-Cormann J., [State aid and the audiovisual sector](#), op. cit., pp. 43-46.

¹⁵³ Olsberg•SPI, [Global Film and Television Production Incentives](#), op. cit., p. 4.

¹⁵⁴ Kanzler M., [Fiction film financing in Europe: A sample analysis of films released in 2021](#), op. cit., pp. 2-4.



alongside regional film commissions that promote their own territories and capture local spillovers from accommodation, catering, transport and crew hiring. KOFIC's 2025 industry publication explicitly presents the attraction of international productions as linked not only to filming volumes but also to local economic effects and the strengthening of domestic professional ecosystems.¹⁵⁵ Brazil illustrates another geographically layered approach: federal support and fiscal incentives coexist with city- or state-level attraction mechanisms, notably in São Paulo, where the cash-rebate programme was reopened in 2025¹⁵⁶ with BRL 40 million (approximately EUR 6.3 million) in total programme resources.¹⁵⁷

The Nordic cases also illustrate this trend. Both Finland and Norway connect incentives to regional development and national capacity building, while Sweden's 25% support scheme broadens the geography of competition in northern Europe by making the country a clearer destination for international productions.¹⁵⁸ From a policy perspective, this matters because production geography is no longer determined only by natural locations or labour costs. It is increasingly shaped by the interaction of incentives, institutions, infrastructure and collaborative frameworks.

The broader analytical point is that incentives are ambivalent in spatial terms. They can support decentralisation and new regional hubs, but they can also reinforce concentration in territories already able to convert incentives into comprehensive service offerings. The ultimate impact of incentives on production geography depends heavily on what accompanies them: studio policy, skills development initiatives, transport links, active film commissions, the depth of local supplier and international co-production frameworks.

5.6. Challenges, criticisms and strategic trade-offs

A final trend concerns the growing visibility of the limitations and criticisms of fiscal incentives. As incentives become more central to audiovisual policy, the associated trade-offs become harder to treat as secondary issues.¹⁵⁹

One of the difficulties is epistemic: public authorities still struggle to measure the full scale and comparative effect of support. It is effectively impossible to quantify the total amounts of public support provided to the European film and audiovisual sectors because support is dispersed across different instruments, levels of government and reporting systems.¹⁶⁰ This matters because policy debates often compare incentive systems on the

¹⁵⁵ Korean Film Council, *From a "Film-Friendly Country" to a "Premier Filming Destination": Reimagining K-Locations for Global Appeal*, KOFIC Webzine Korean Cinema, 16 June 2025.

¹⁵⁶ Spcine, *Cash Rebate* (in Portuguese), updated on 2025.

¹⁵⁷ Government of Brazil, *"We reaffirm the strength of our movie industry", says Lula during announcement of BRL 1.6 billion for audiovisual sector*, 21 June 2024.

¹⁵⁸ Swedish Agency for Economic and Regional Growth (*Tillväxtverket*), *Support for the production of audiovisual works is intended for companies that want to produce a film or television series in Sweden* (consulted on 5 May 2026); Business Finland, *Production incentive for the audiovisual industry*, updated on 25 March 2025; Government of Norway, *Film and media*, updated in 2025.

¹⁵⁹ Frontier Economics, *Stimulating Screen Production Investment*, 27 September 2024, p. 3-6 and 24-26.

¹⁶⁰ Hermanns O., Radel-Cormann J., *State aid and the audiovisual sector*, op. cit., pp. 16-19.

basis of nominal rates or individual impact studies, even though the real policy mix is broader and frequently opaque.

Another challenge is that successful incentive regimes can generate pressures of their own. The UK experience illustrates this. The House of Commons Culture, Media and Sport Committee stresses both the benefits of inward investment and the structural strains accompanying it, including acute skills shortages, cost inflation and pressure on domestic production. The implication is not that inward investment is undesirable, but that strong attraction performance can coexist with vulnerabilities in workforce sustainability and the position of independent producers.¹⁶¹ More broadly, when productions are attracted to a territory primarily by incentive differentials rather than genuine sectoral fit, several risks emerge: domestic production costs can increase, local independent producers may struggle with a more expensive and competitive environment, and the long-term sustainability of the national creative ecosystem may be undermined even if headline production volumes appear to grow.¹⁶²

A further criticism concerns dependency and strategic orientation. If incentives are designed mainly to capture internationally mobile service work, they may risk favouring activity without sufficiently strengthening domestic intellectual property creation, independent production or long-term rights retention. This concern is also visible in the UK debate on streamer business models, where the House of Commons Culture, Media and Sport Committee heard evidence that “cost-plus” deals can weaken producers’ ability to build sustainable businesses by monetising IP over time.¹⁶³

Another issue is distributive in nature. Incentives often benefit projects that are already large, mobile and internationally connected, while offering less support. Without complementary measures, they may do less for vulnerable segments of the sector, such as small independent producers, development activities, script work, distribution, audience development or works in minority languages.¹⁶⁴ This highlights why the relationship between fiscal incentives and direct public funding remains crucial.¹⁶⁵ The central policy question is not which instrument should replace the other, but how they should be combined so that attraction objectives do not undermine those supporting cultural diversity.

Furthermore, a cross-cutting tension concerns the fundamental design choice between automatic and selective mechanisms. Automatic schemes – based on objective eligibility criteria and entitlement-based access – offer predictability, legal certainty and administrative speed, all of which producers and investors consistently value for their direct impact on investment decisions. By removing *ex ante* content selection, they also limit state

¹⁶¹ UK House of Commons Culture, Media and Sport Committee, [British film and high-end television](#), First Report of Session 2024-25, 10 April 2025, Summary and paras. 82, 100 and 142.

¹⁶² Ibid.

¹⁶³ Ibid., paras. 51-56.

¹⁶⁴ Kanzler M., [Insights into direct public film funding in Europe: A sample analysis of national and sub-national funds for the years 2018-2022](#), op. cit.

¹⁶⁵ Kanzler M., [Fiction film financing in Europe: A sample analysis of films released in 2021](#), op. cit., pp. 48-58 and 93-103.



involvement in creative choices, a dimension that carries significant weight from the perspective of editorial independence and democratic governance. This stabilisation function becomes particularly relevant as traditional financing sources, such as broadcaster investment, continue to decline. Selective mechanisms, by contrast, involve discretionary assessment and tend to align more closely with cultural policy objectives and quality goals, offering greater targeting capacity for fragile or culturally significant projects. A hybrid approach, combining automatic access with selective quality tiers or conditionality, has emerged in several jurisdictions as a pragmatic response to this tension, though it requires careful governance design and entails its own administrative complexity.

A related concern is that of intermediary capture: in certain configurations, domestic fiscal incentives have been channeled through intermediary structures that extract financial value without materially contributing to production – a dynamic less present in rebate schemes directed at foreign productions, which tend to deal directly with international buyers.¹⁶⁶ Both dynamics point to the importance of eligibility design and compliance monitoring in ensuring that public incentive value translates into genuine creative and industrial benefit.¹⁶⁷

Overall, the emerging challenge is therefore one of strategic calibration. The next phase of policy development is unlikely to be defined simply by ever-higher rates. It will depend more on how effectively governments combine fiscal incentives with legal certainty, selective cultural support, infrastructure, workforce measures, sustainability standards and mechanisms that retain value in the domestic ecosystem. In that sense, the future of audiovisual fiscal incentives is less about the incentive in isolation than about the type of screen-sector model it is asked to sustain.¹⁶⁸

¹⁶⁶ On the automatic versus selective distinction in European public funding systems, see Valais S., Cabrera Blázquez F.J., *Mapping of film and audiovisual public funding criteria in the EU*, European Audiovisual Observatory, Strasbourg, 2019, section 4.6.3.

¹⁶⁷ Hermanns O., Radel-Cormann J., *State aid and the audiovisual sector*, op. cit., pp. 11-19.

¹⁶⁸ Frontier Economics, op. cit., pp. 6 and 22.

Annex 1 – Overview of the European Commission’s decisions on fiscal incentives and cash rebates in the audiovisual sector

As previously noted, the European Commission assesses state aid measures for film and audiovisual works by applying the Cinema Communication either directly or by analogy. Where the Communication does not apply, the Commission evaluates the measures directly under Article 107(3)(d) TFEU. The following table presents an overview of state aid schemes for the audiovisual sector notified to the Commission over a 32-year period (1992 - 2024) in decreasing chronological order,¹⁶⁹ specifically focusing on fiscal incentives and cash rebates.¹⁷⁰

Notably, tax-based schemes (such as tax credits, shelters, and deductions) only begin to appear in notifications in 1999 with the Irish Section 481 film tax relief scheme, followed in 2004 by the Belgian tax shelter for feature films; prior to this, all notified schemes pertained exclusively to direct aid schemes (e.g., grants, funds). The data clearly demonstrates a major policy shift: following 2014, notifications of fiscal incentive schemes surged, ultimately becoming the dominant form of support, while notifications presumed to relate to direct aid appear to have peaked earlier and then either stabilised or declined in relative importance.

Decision	Member state	Decision date
SA.109768 (2023/N) Malta, financial incentives for the audiovisual industry (cash rebate)	MT	14/06/2024
SA.110921(2023/N) Ireland, Irish film relief tax support scheme – Modification of SA 53399 ¹⁷¹	IE	29/04/2024
SA.107201 (2023/N) Spain, Tax deduction for audiovisual productions and live shows of performance and music arts in Alava	ES	24/11/2023

¹⁶⁹ The complete European Commission DG Competition table updated up to 19/09/2024 can be found [here](#).

¹⁷⁰ Please note that the decision texts (authentic and working language versions) can be found [here](#). This list is neither exhaustive nor complete. For a comprehensive overview, please see [here](#).

¹⁷¹ See also, Irish film relief tax support scheme - Modification of SA.110921 (2023/N), State Aid [SA.117698](#), 04/03/2025.



Decision	Member state	Decision date
SA.107200 (2023/N) Spain, Tax deduction for audiovisual productions and live shows of performance and music arts in Gipuzkoa	ES	24/11/2023
SA.105988 (2023/N) Spain, Tax deduction for cinematographic and audiovisual productions – modification	ES	14/08/2023
SA.104464 (2022/N) (in French) France, Tax credit for foreign films	FR	19/12/2022
SA.104463 (2022/N) (in French) France, Audiovisual tax credit	FR	19/12/2022
SA.104462 (2022/N) (in French) France, Tax credit for film	FR	19/12/2022
SA.54817 (2020/C) (in French) Tax shelter aid scheme for videogame production	BE	25/07/2022
SA.103066 (2022/N) (in French) France, Video game tax credit – amendments and extension	FR	29/07/2022
SA.102040 (2022/N) Spain, Tax deduction for audiovisual productions and live performances of the performing and musical arts in Biscay – amendment	ES	30/06/2022
SA.100825 (2021/N) COVID-19: Prolongation of the scheme SA.63138 Tax credit for audiovisual production companies	IT	14/12/2021
SA.63373 (2021/N) Tax credit for video games of cultural value	IT	26/10/2021
SA.63595 (2021/N) (in French) Audiovisual tax credit – amendment	FR	26/10/2021
SA.62194 (2021/N) Tax credit to attract investments in cinematographic and audiovisual works in Italy	IT	13/07/2021
SA.63138 (2021/N) COVID-19: Tax credit for audiovisual production companies	IT	10/06/2021
SA.62007 (2021/N) Internal tax credit for the production of cinematographic works	IT	22/04/2021
SA.62008 (2021/N) Internal tax credit for the production of audiovisual works	IT	22/04/2021
SA.59918 (2020/N) Spain, Tax deduction for film and audiovisual productions in the Province of Biscay – Extension	ES	05/02/2021



Decision	Member state	Decision date
SA.58991 (2020/N) Internal tax credit for the production of audiovisual works	IT	25/11/2020
SA.58990 (2020/N) Internal tax credit for the production of cinematographic works	IT	25/11/2020
SA.57608 (2020/N) Modification of Spanish tax deduction scheme for cinematographic and audiovisual productions	ES	22/12/2020
SA.59274 (2020/N) Extension of the Tax Shelter scheme for the production of audiovisual works	BE	7/12/2020
SA.58838 (2020/N) (in French) France, Tax credit for video game development	FR	3/11/2020
SA.54817 (2019/N) -Tax shelter aid scheme for videogame production	BE	30/04/2020
SA.56276 (2020/N) (in French) France, Tax credit for production expenditure in France on foreign films or audiovisual works	FR	23/03/2020
SA.56047 (2019/N) UK Film Tax Relief prolongation	UK	28/01/2020
SA.53399 (2019/N) Irish Film Tax Relief Support Scheme (modification)	IE	28/06/2019
SA.49296 (2017/N) Tax incentives for the production of audiovisual works – modifications	IT	18/12/2017
SA.49294 (2017/N) Tax incentives for the production of cinematographic works – modifications	IT	18/12/2017
SA.48771 (2017/N) High-End Television Tax Relief – prolongation	UK	09/11/2017
SA.48362 (2017/N) Video games tax relief – prolongation	UK	23/10/2017
SA.48021 (2017/N) Tax credit for film production companies	IT	28/06/2017
SA.47892 (2017/N) (in French) France, Tax credit for video game development	FR	05/05/2017
SA.43130 (2016/N) (in French) France, Film and audiovisual tax credit and tax credit for foreign film and audiovisual works – amendments and extension	FR	18/03/2016
SA.40170 (2015/N) Modification of Spanish scheme for tax deductions in cinema and audiovisual productions	ES	15/12/2015



Decision	Member state	Decision date
SA.42428 (2015/N) (in French) France, International tax credit – changes	FR	29/09/2015
SA.42419 (2015/N) (in French) France, Film and audiovisual tax credit - modification	FR	29/09/2015
SA.40885 (2015/N) Tax deduction for film and audiovisual productions in the Province of Biscay	ES	15/07/2015
SA.41396 (2015/N) Film tax relief modification	UK	14/07/2015
SA.39299 (in French) France, Tax credit for video game development – modifications	FR	11/12/2014
SA.39375 (2014/N) Tax incentives for audiovisual works	IT	03/12/2014
SA.38370 (2014/N) (in French) Changes to the ‘tax shelter’ scheme to support audiovisual works	BE	28/11/2014
SA.38539 (2014/N) (in French) Film and audiovisual tax credit	FR	19/11/2014
C25/2009 (2014/N) Digital cinema tax credit	IT	29/10/2014
SA.38959 (2014/N) Irish Film tax relief support scheme modifications	IE	20/10/2014
SA.37922 (2014/N) Tax incentives for film production, investment and distribution – prolongation	IT	31/07/2014
SA.38442 (2014/N) (in French) Tax credit for expenditure in France	FR	15/07/2014
SA.38392 (2014/N) Investment incentives for the production of audiovisual works	HR	24/06/2014
SA.38099 (2014/N) Netherlands Film production incentive	NL	13/05/2014
SA.37516 (2014/N) Spanish scheme for tax deductions in cinema and audiovisual productions	ES	12/05/2014
SA.38212 (2014/N) Basque film support scheme – modifications	ES	08/05/2014
SA.36139 (2013/C) UK video games tax relief	UK	27/03/2014
SA.37176 (2014/N) Modifications to the UK Film Tax Relief	UK	17/03/2014
SA.38306 (2014/N) Modifications to the UK Film Tax Relief	UK	17/03/2014



Decision	Member state	Decision date
SA.37444 (2013/N) (in French) Tax credit for foreign films – 2014 extension	FR	28/10/2013
SA.37443 (2013/N) (in French) Film and audiovisual tax credits Tax credits for the film and audiovisual industries – prolongation 2014	FR	28/10/2013
SA.35678 (2013/N) Lazio regional film support scheme	IT	22/10/2013
SA.37326 (2013/N) (in French) Audiovisual tax credit	FR	30/09/2013
SA.36148 (2013/N) (in French) Film and audiovisual tax credits – changes for 2013	FR	02/07/2013
SA.36251 (2013/N) (in French) Tax credit for foreign films – changes for 2013	FR	02/07/2013
SA.36139 (2013/C) UK video games tax relief	UK	16/04/2013
SA.35563 (2013/N) High-end television tax relief	UK	25/03/2013
SA.35564 (2013/N) Animation tax relief	UK	25/03/2013
SA.35643 (2013/N) Belgian film tax shelter extension	BE	23/01/2013
SA.35633 (2013/N) (in French) Tax credit for foreign films – extension	FR	11/01/2013
SA.35227 (2012/N) Lithuanian film tax incentive	LT	18/12/2012
SA.35444 (2012/N) Financial support for cinema projects – amendments	LT	07/11/2012
SA.34554 (2012/N) -Trentino film production scheme	IT	21/09/2012
SA.35236 (2012/N) Financial Incentives for the Audiovisual Industry Regulations – prolongation	MT	11/09/2012
SA.33234 (2011/N) UK Film Tax Incentive extension	UK	27/10/2011
SA.32927 (2011/N) Italian film tax incentives for film production, investment and distribution (prolongation)	IT	06/07/2011
SA.32926 (2011/N) Tax incentives for film production	IT	06/07/2011
N516/2009 (2009/N) (in French) Belgian film tax shelter extension	BE	22/12/2009



FISCAL INCENTIVES AND CASH REBATES IN THE AUDIOVISUAL SECTOR

Decision	Member state	Decision date
N613/2009 (2009/N) Financial Incentives for the Audiovisual Industry – regulations	MT	08/12/2009
N106/2009 (2009/N) (in French) Tax credit for foreign films	FR	02/07/2009
N595/2008 (2008/N) Tax incentives for film production	IT	18/12/2008
C47/2006 (ex N 648/2005) (in French) Tax credit for video game development	FR	11/12/2007
N605/2007 (2007/N) Financial Incentives for the Audiovisual Industry – regulations	MT	28/11/2007
N121/2007 (2007/N) (in French) Tax incentives for the production of audiovisual works (tax shelter scheme)	BE	16/07/2007
C47/2006 (ex N 648/2005) (in French) France, Crédit d'impôt pour la création de jeux vidéo	FR	22/11/2006
SA.19919 (2005/N) UK Film Tax incentive	UK	22/11/2006
N 387/2004 Ireland – Tax relief for investment in film	IE	01/12/2004
SA.17678 (2004/N) (in French) Cinematric tax shelter	BE	30/06/2004
N 237/2000 Ireland, Extension of aid schemes to film and TV production	IE	25/09/2000
NN 49/97 and N 357/99 Ireland, Section 35/481, tax-based film investment incentive	IE	20/07/1999

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