

Russia to Launch Foreign Film Production Incentives

Vladimir Kozlov | August 28, 2019



The size of the rebate scheme is expected to be similar to incentive programs in various Central and Eastern European countries, such as Hungary, Poland and Romania.

Russia will launch a cash rebate program for foreign film productions this year and expand its budget for the incentive to \$22.6 million by 2021.

The goal is to support foreign film shoots in Russia that would use its film production infrastructure.

While the specifics of the rebate program are yet to be unveiled, the size of the rebate is expected to be 30 to 40 percent of money spent by productions in Russia. This would be on par with rebate programs run by various Central and Eastern European countries.

Last year, Poland introduced a 30 percent rebate scheme, Hungary boosted its film production tax incentives to 30 percent and Romania announced a cash back incentive of up to 45 percent.

Previously, Russian officials mentioned benefits from attracting

foreign film crews, such as extra revenue for the film production industry and service sectors benefitting from shoots, including catering and hospitality, as well as the improvement of skills of local film crews and the creation of new jobs.

The program will be open to all foreign production companies, including those from Hollywood. Incidentally, the introduction of the rebate programs follows several years of a Russian crackdown on Hollywood and other foreign films in various forms. Specifically, the Russian government has taxed online sales and streaming of movies by global giants, introduced an age ratings system that favors homemade titles and established the right to move release dates of any Hollywood or foreign film to avoid clashes with local releases.

"The culture ministry expects to increase the number of foreign films shot on Russian territory," Alexander Semenov, publisher and editor-in-chief of the local trade journal *Kinobusiness*, told *The Hollywood Reporter*. "Hollywood studios will most likely take advantage of the scheme to shoot scenes set in Russia, while in other cases, bringing a film crew to Russia may not be economical. European companies are likely to use the scheme more heavily, including rental of Russian film production facilities."

As of 2021, Russia will make 1.5 billion rubles (\$22.6 million) available annually via the incentive program, deputy economic development minister Timur Maksimov was quoted as saying by news agency RIA Novosti. He said the program would launch this fall though, with the government planning to spend 70 million rubles (\$1 million) in rebates by the end of 2019. Next year, the figure will go up to 700 million (\$10 million), and, as of 2021, the program will operate at full capacity.

The program will be operated by the Russian Export Center, a government-controlled organization focused on supporting local export-oriented businesses, under patronage of the culture ministry. ■